

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Gloria Schmanek

SUBJECT: Early Council Packet

DATE: June 4, 2013

Approved



Date

6/4/13

EARLY DISTRIBUTION COUNCIL PACKET FOR
JUNE 18, 2013

Please find attached the Early Distribution Council Packet for the June 18, 2013 Council Meeting.

2.x Report on Bids and Award of Contract for the Handrail Replacement Project.

Recommendation: Report on bids and award of construction contract for 6835 - Handrail Replacement – Phase V Project to the apparent low bidder, Rodan Builders, in the amount of \$1,254,630, and approval of a 10% contingency in the amount of \$125,463. CEQA: Exempt, File No. PP11-028. (Environmental Services)

2.x Agreement with ABB Inc. for a Distributed Control System Upgrade at the San José/Santa Clara Regional Wastewater Facility.

Recommendation:

- (a) Approval of an agreement with ABB Inc. for a Distributed Control System Upgrade at the San Jose/Santa Clara Regional Wastewater Facility (RWF), formerly referred to as the San Jose/Santa Clara Water Pollution Control Plant, for a term beginning from the date of execution through December 31, 2015, for a total amount not to exceed \$1,814,785 for all hardware, software, professional services, and training, and
- (b) Approve a 10% contingency in the amount of \$181,479 to cover unanticipated expense during the term of the agreement.

CEQA: Not a Project, File No. PP10-066(a), Agreements/Contracts. (Environmental Services/Finance)

2.x Report on Bids and Award of Contract for the Nortech and Trimble Reservoir Rehabilitation Project.

Recommendation: Report on bids and award of contract for the 7247 – Nortech and Trimble Reservoir Rehabilitation project to the lowest responsive bidder, Paso Robles

Tank, Inc., in the amount of \$1,146,092, and approve a contingency in the amount of \$114,609. CEQA: Exempt, File No. PP13-016. Council District 4. (Environmental Services/Public Works)

2.x Report on Request for Proposal and Award of Contract for Homeless Encampment Clean-Up.

Recommendation: Report on Request for Proposal for Homeless Encampment Clean-Up and adoption of a resolution authorizing the City Manager to:

- (a) Execute an agreement with Tucker Construction Inc (San José, CA) for the clean-up of homeless encampments, with an initial one-year term of July 1, 2013 through June 30, 2014, and maximum compensation not to exceed \$550,000;
- (b) Add to the maximum compensation as required during the initial term of the agreement in the event that clean-up requirements exceed staff estimates, subject to the appropriation of funds; and
- (c) Execute up to four one-year options to extend the term of the agreements, subject to the appropriation of funds.

CEQA: Not a Project, File No. PP10-066(e), Services that involve no physical changes to the environment. (Finance)

TO BE DISTRIBUTED SEPARATELY

2.x Report on Bids and Award of Contract for Bird Avenue Sanitary and Storm Sewer Improvements Project.

Recommendation: Report on bids and award of contract for the 6429-Bird Avenue Sanitary and Storm Sewer Improvements Project to the low bidder, Ranger Pipelines, Inc., in the amount of \$1,969,967, and approval of a contingency in the amount of \$196,996. CEQA: Exempt, File No. PP12-102. Council District 6. (Public Works)

TO BE DISTRIBUTED SEPARATELY

2.x Agreement with CH2M HILL, Inc. for the Los Gatos Creek Trail.

Recommendation: Adopt a resolution authorizing the City Manager negotiate and execute the Agreement for Consultant Services for the Los Gatos Creek Reach 5B/C in the amount of \$1,430,050 with CH2M HILL, Inc. CEQA: Not a Project, File No. PP10-066(d), Consultant Services. Council District 6. (Public Works)

2.x Report on Bids and Award of Contract for Airport Northeast Parcel Development Project.

Recommendation: Report on bids and award of contract for the 6913 - San José International Airport Northeast Parcel Development Project to the low bidder, Zovich & Sons, Inc., for the base bid and Add Alternate Nos. 1, 2, 3 and 4 in the amount of \$5,480,000, and approval of a contingency in the amount of \$548,000. CEQA: Resolution Nos. 67380 and 71451, File No. PP12-065. (Public Works)

2.x Actions Related to the San Fernando Street Enhanced Bikeway and Pedestrian Access Project.

Recommendation:

- (a) Reject all bids received on March 7, 2013, for 6656-San Fernando Street Enhanced Bikeway and Pedestrian Access (Between Cahill Street and Tenth Street) Federal Project No. STPL-5005(105);
- (b) Report on bids and award the contract for the Rebid: 6656-San Fernando Street Enhanced Bikeway and Pedestrian Access (Between Cahill Street and Tenth Street), Federal Project No. STPL-5005(105) to the low bidder, American Asphalt Repair and Resurfacing Company Inc., for the base bid and Add Alternate Nos. 1 and 2 in the amount of \$1,638,859, and approval of a ten percent contingency in the amount of \$163,885;
- (c) Adopt the following 2013-2014 Appropriation Ordinance amendments in the Building and Structure Construction Tax Fund:
 - (1) Establish an appropriation to the Department of Transportation for San Fernando Street Enhanced Bikeway and Pedestrian Access in the amount of \$397,000; and
 - (2) Decrease the Ending Fund Balance in the amount of \$397,000.

CEQA: Exempt, File No. PP10-124. Council District 3. (Public Works/Transportation/City Manager's Office)

2.x Actions Related to the TiMC Facility Improvements Project.

Recommendation:

- (a) Reject the sole bid received on May 9, 2013, for the 5591 - Transportation Incident Management Center (TiMC) Project and authorize the Director of Public Works to re-advertise and rebid the project.
- (b) Approve a second amendment to the agreement for consultant services with IBI Group for the TiMC Project to extend the term of the Agreement from June 30, 2013 to December 31, 2014, revise the scope of work and increase the total compensation from \$400,000 to \$485,000, and amend the fee schedule to reflect current labor rates.
- (c) Approve a first amendment to an agreement with Siemens Industry, Inc. for consultant services for the TiMC system software design and implementation to extend the term of the agreement from December 30, 2013 to December 31, 2015, and increase the total compensation from \$997,700 to \$1,042,917, and amend the fee schedule to reflect current labor rates:

CEQA: Negative Declaration, Exempt, File No. PP09-108. (Public Works/Transportation)

TO BE DISTRIBUTED SEPARATELY

2.x Vehicle Registration Fee Grant Agreement with Santa Clara Valley Transportation Authority.

Recommendation:

- (a) Approve and execute a Vehicle Registration Fee (VRF) grant agreement with the Santa Clara Valley Transportation Authority (VTA) in an amount not to exceed \$621,000 to complete traffic signal communication repair and retiming projects throughout the city;
- (b) Adopt the following 2013-2014 Appropriation Ordinance and Funding Sources Resolution amendments in the Construction Excise Tax Fund:
 - (a) Increase to the Earned Revenue estimate in the amount of \$494,000;
 - (b) Establish a new appropriation in the Department of Transportation for: ITS Monitoring and Maintenance - VRF in the amount of \$50,000; and
 - (c) Establish a new appropriation in the Department of Transportation for Signal Retiming - VRF in the amount of \$444,000.

CEQA: Exempt, File Nos. PP10-158 and PP10-113. (Transportation/City Manager's Office)

3.x Approval of Various Budget Actions for Fiscal Year 2012-2013.

Recommendation:

- (a) Adopt amendments to the annual appropriation ordinance and funding sources resolution for various operating and capital funds to reflect estimated 2012-2013 revenue receipts, expenses, and encumbrances.

CEQA: Not a Project, File No. PP10-067(b), Appropriation Ordinance. (City Manager's Office)

TO BE DISTRIBUTED SEPARATELY

3.x Adoption of the Annual Appropriation Ordinance and Annual Funding Sources Resolution for the Fiscal Year 2013-2014 Budget, and Resolution Establishing the Fiscal Year 2013-2014 Appropriation Limit.

Recommendation:

- (a) Adopt the Annual Appropriation Ordinance, including transfers and loans for Fiscal Year 2013-2014 and the Manager's Final Budget Addendum.
- (b) Adopt the Annual Funding Sources Resolution for Fiscal Year 2013-2014 and the Manager's Final Budget Addendum.
- (c) Adopt a resolution in compliance with Article XIII B of the Constitution of the State of California and as modified by Proposition 111 and SB 88 electing the population and inflation factors and establishing the Fiscal Year 2013-2014 Appropriation Limit.

CEQA: Not a Project, File No. PP10-067(b), Appropriation Ordinance. (City Manager's Office)

TO BE DISTRIBUTED SEPARATELY

3.x Agreement with Renne Sloan Holtzman and Sakai for Consulting Services Relating to Labor Relations.

Recommendation: Approve a second amendment to the Agreement with Renne Sloan Holtzman & Sakai, LLP for labor consulting services in connection with labor matters, increasing the contract amount by \$650,000, not to exceed \$1,300,000. CEQA: Not a Project, File No. PP10-069(b), Personnel Related Decisions. (City Manager's Office)

3.x Compensation and Benefit Changes for Executive Management and Professional Employees In Unit 99, Other Unrepresented Employees (Units 81/82)

Recommendation: Adopt a resolution approving compensation and benefit changes for executive management and professional employees in Unit 99 and other unrepresented employees (Units 81/82), effective June 23, 2013. CEQA: Not a Project, File No. PP10-069(b), Personnel Related Decisions. (City Manager's Office)

3.x Actions Related to the 2013 Tax and Revenue Anticipation Note.

Recommendation:

- (a) Adopt a resolution:
 - (1) Authorizing the issuance and sale of the City of San José 2013 Tax and Revenue Anticipation Note (the "2013 Note") in the not to exceed principal amount of \$100,000,000 to be sold through a private placement; and
 - (2) Approving, in substantially final form, the Note Purchase Agreement and authorizing the Director of Finance or other authorized officers to execute the Note Purchase Agreement and other related documents, as necessary, in connection with the issuance of the 2013 Note and authorizing other related actions in connection therewith.
- (b) Adopt the following Appropriation Ordinance and Funding Sources Resolution amendments in the General Fund for 2013-2014:
 - (1) Increase the estimate for Other Revenue in the amount of \$100,000,000; and
 - (2) Increase the City-Wide expenses to the Finance Department for TRANS Debt Service by the amount of \$100,000,000.

CEQA: Not a Project, File No. PP10-069(a), City Organizational & Administrative Activities. (Finance/City Manager's Office)

4.3 Actions Related to the Arena Naming Rights.

Recommendation:

- (a) Adopt a resolution authorizing the City Manager to negotiate and execute an agreement between HP, San José Arena Management and the City of San Jose to terminate the current naming rights agreement for the San José Arena;

- (b) Approve a five year Naming Rights Agreement by and between SAP Global Marketing, Inc., San José Arena Management, LLC and the City of San José for the naming of the San José Arena to SAP Center at San José for an annual payment to the City of \$1,675,000, with total revenues to the City for a total amount of \$8,375,000 over five years.

CEQA: Not a Project, File No PP10-066(e), Services that involve no physical changes to the environment. (City Manager's Office)

TO BE DISTRIBUTED SEPARATELY

5.x 2013-2014 Agreements for Parks, Recreation and Neighborhood Services.

Recommendation: Adopt a resolution authorizing the following, subject to the appropriation of funds by the City Council, and on such terms and conditions as deemed appropriate by the City Manager:

- (a) Authorize the City Manager to negotiate and execute all agreements, amendments and extensions for the Department of Parks, Recreation and Neighborhood Services (PRNS) identified in the "Compensation Paid by the City of San José" (Attachment A) consistent with the 2013-2014 Budget;
- (b) Authorize the City Manager to negotiate and execute agreements and amendments to accept grant funds identified in the "Compensation Paid to the City of San José" (Attachment B);
- (c) Authorize the City Manager to negotiate and execute a master agreement, amendments, and/or extensions related to Mitigation and Monitoring Consulting Services with H.T. Harvey and Associates. The total amount of the master agreement may not exceed \$2,000,000 over 10 years;
 - (1) Approval is also requested to authorize the PRNS Director to negotiate and execute related annual service orders not to exceed amount consistent with the annual Adopted Budget.
- (d) Authorize the Director of Parks, Recreation and Neighborhood Services to apply for, accept, negotiate and execute 2013-2014 Revenue agreements and amendments with potential sponsors, grantors, and contributors that require no matching City funds;
- (e) Authorize the Director of Parks, Recreation and Neighborhood Services to apply for, accept, negotiate and execute 2013-2014 agreements and amendments as identified in "Delegation on Contract Authority to PRNS Director" (Attachment C) consistent with Adopted Budget amounts for the following City programs:
 - (1) Bringing Everyone's Strengths Together (BEST);
 - (2) Community Center Reuse (Reuse);
 - (3) Evaluation Consultant Agreement(s) to assess PRNS programs/services;
 - (4) Leisure Class Vendor Agreements;
 - (5) Mayor's Gang Prevention Task Force (MGPTF) Grant Revenue and related sub-contractor Agreements where applicable;
 - (6) Mayor's Gang Prevention Task Force Memorandums of Understanding (MGPTF MOU);
 - (7) Safe Summer Initiative Grant (SSIG);

- (8) Santa Clara County Health Authority dba Santa Clara Family Health Plan for the Children's Health Initiative;
- (9) School-Aged Recreation Programs including:
 - (a) Recreation of City Kids (ROCK);
 - (b) After School Education and Safety (ASES);
 - (c) Camp San José; and
 - (d) Sports leagues for Teens;
- (10) Senior Education and Outreach Grant; and
- (11) Senior Health and Wellness Grant.

CEQA: As referenced in the staff memorandum. (Parks, Recreation and Neighborhood Services)

6.x Actions Related to Pavement Maintenance Projects.

Recommendation:

- (a) Adopt a resolution relating to the award of two pavement maintenance construction contracts that:
 - (1) Authorizes the Director of Public Works to determine the lowest responsive and responsible bidder, and to award the construction contract for the 2013 Slurry Seal Project to slurry seal approximately 24 miles of arterial streets at various locations at an estimated cost of approximately \$1,226,000, in an amount not to exceed the funds appropriated for the project, and/or to reject all bids and re-bid the project;
 - (2) Authorizes the Director of Public Works to determine the lowest responsive and responsible bidder, and to award the construction contract for the 2013 Resurfacing Project to resurface approximately five miles of streets at various locations at a cost of approximately \$3,945,650, in an amount not to exceed the funds appropriated for the project, and/or to reject all bids and re-bid the project; and
 - (3) Authorizes the Director of Public Works to decide any timely bid protests, including issues of bidder responsiveness or responsibility, for both of the above construction contracts.
- (b) Approve a contingency equal to five percent of the base contract award amount for each of the construction contracts.

CEQA: Exempt, File No. PP11-035. (Transportation)

6.x Grant Applications for One Bay Area and Vehicle Emissions Reductions Based at Schools.

Recommendation: Adopt a resolution authorizing the City Manager or designee to:

- (a) Submit the following grant applications in the amounts specified, to the Metropolitan Transportation Commission (MTC) for Surface Transportation Program and Congestion Mitigation and Air Quality (CMAQ) funds:
 - (1) OBAG - Road Rehabilitation and Complete Streets "Guarantee" Program:

- (a) \$11,531,000 for the San José Pavement Maintenance Program with a local match of \$1,572,000;
 - (b) \$1,150,000 for the San José Bikeways Program with a local match of \$157,000;
 - (c) \$1,150,000 for the San José Safe Routes to School Program with a local match of \$157,000;
 - (d) \$1,150,000 for the San José Smart Intersections Program with a local match of \$157,000;
- (2) OBAG - Complete Streets Competitive Program:
 - (a) \$2,000,000 for the East San José Bike/Pedestrian Transit Connection with a local match of \$532,000;
 - (b) \$1,185,000 for the St. John Complete Streets Corridor-HP Pavilion to St. James Light Rail with a local match of \$339,000;
 - (c) \$3,500,000 for The Alameda "Beautiful Way" Grand Boulevard Phase 2 with a local match of \$930,000;
 - (d) \$1,500,000 for the Almaden/Vine Livable Streets Couplet Conversion with a local match of \$315,000;
 - (e) \$1,500,000 for the Jackson Complete Streets Project with a local match of \$399,000;
 - (f) \$3,000,000 for the San Jose Priority Development Area (PDA) Pedestrian-Oriented Traffic Safety Signals with a local match of \$798,000;
- (3) VERBS Program:
 - (a) In the amount of \$1,000,000 for the SJ Walk n' Roll Phase II with a local match of \$130,000.
- (b) Commit the City to provide the required local match stated above and to pay for any additional cost to complete each of the projects; and
- (c) Make the necessary assurances that each of the projects will be completed in compliance with the submitted applications, MTC's Regional Funding Delivery Policy, and the grant program requirements; and
- (d) Accept grant funding from the MTC for each of the submitted applications and negotiate and execute any documents to accept the grant funds, including the authority to negotiate and execute any documents that increase the amount of the grant award or require an increase of local matching funds, subject to the appropriation of such funds.

CEQA: As referenced in the staff memorandum. (Transportation)

7.x Actions Related to the Sewer Service and Use Charges and Storm Sewer Service Charges Rates.

Recommendation:

- (a) Adopt a resolution setting the following Sewer Service and Use Charge rates for 2013-2014:

<u>Category</u>	<u>2013-2014 Monthly Rates</u>
Single-Family Residential	\$33.83
Multi-Family Residential	\$19.35 per unit
Mobile Home	\$19.39 per unit
Non-Monitored Commercial and Industrial	See Attachment A
Monitored Industrial	See Attachment A

- (b) Adopt a resolution setting the following Storm Sewer Service Charge rates for 2013-2014:

<u>Category</u>	<u>2013-2014 Monthly Rates</u>
Single-Family Residential and Duplex	\$7.87
Mobile Home	\$3.94 per unit
Residential Condominium	\$4.30 per unit
Large Multi-Family Residential (5 or more units)	\$4.30 per unit
Small Multi-Family Residential (3-4 units)	\$14.95
Commercial, Institutional and Industrial	See Attachment B

CEQA: Not a Project, File No. PP10-067(a), Increases or Adjustments to Fees, Rates & Fares. (Environmental Services)

9.x Reimbursement Agreement with the Successor Agency to the Redevelopment Agency.

Recommendation: Approve a reimbursement agreement between the City of San José and the Successor Agency to the Redevelopment Agency of the City of San José for the purpose of establishing enforceable obligations to repay the City for future expenditures made on behalf of the Successor Agency in an annual amount not to exceed the annual outstanding debt obligations for the City of San José Financing Authority Lease Revenue Bonds, Series 2001F (Convention Center Refunding), City of San José Financing Authority Revenue Bonds, Series 2001A (4th Street & San Fernando Parking Facility Project), Housing and Urban Development (HUD) 108 loans and Education Revenue Augmentation Fund (ERAF) payments, and the Successor Agency annual administrative budget, subject to approval by the Oversight Board. CEQA: Not a Project, PP10-066, Agreements/Contracts. (Finance)

TO BE DISTRIBUTED SEPARATELY

**City Council/San José Diridon Development Authority/Successor Agency to the
Redevelopment Agency**

**2. Actions Related to the Transfer of Certain Properties and Assets from the City and
the JPA Back to the Successor.**

Recommendation: It is recommended that:

- (a) The City Council adopt a resolution (i) authorizing the City Manager to take such actions as necessary to transfer to the Successor Agency to the Redevelopment Agency of the City of San Jose, certain real property and other assets as identified by the California State Controller in the Asset Transfer Review dated March 2013, which were previously transferred to the City in March, 2011 by the former San Jose Redevelopment Agency, and (ii) directing City and Successor Agency staff in connection with the transfer of such properties to evidence the City Council's intent related to the future uses of certain of such properties.
- (b) The San Jose Diridon Development Authority Board adopt a resolution authorizing the Executive Director to take such actions as necessary to transfer to the Successor Agency to the Redevelopment Agency of the City of San Jose, certain real property as identified by the California State Controller in the Asset Transfer Review dated March 2013, which property was previously transferred to the San Jose Diridon Development Authority in March, 2011 by the former San Jose Redevelopment Agency, provided that those properties subject to that certain Option Agreement dated November 8, 2011 between the San Jose Diridon Development Authority and the Athletics Investment Group, LLC shall be transferred to the Successor Agency and subject to the terms and provisions of the Option Agreement and the Arena parking lot at 8 South Montgomery (Lot 5A) shall be transferred subject to the Arena Management Agreement with the San Jose Arena Management LLC., and
- (c) The Successor Agency Board adopt a resolution (i) accepting certain properties and assets from the City and the San Jose Diridon Development Authority, and (ii) directing Successor Agency staff to bring forward to the Oversight Board for its consideration a request to transfer any governmental use properties held by the Successor Agency to the City.

(City Manager's Office/Diridon Authority/Successor Agency)

TO BE DISTRIBUTED SEPARATELY

These items will also be included in the Council Agenda Packet with item numbers.

/s/

GLORIA SCHMANEK

Agenda Services Manager





Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: May 28, 2013

Approved

Date

5/29/13

**SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT FOR 6835 –
HANDRAIL REPLACEMENT – PHASE V PROJECT**

RECOMMENDATION

Report on bids and award of construction contract for 6835 - Handrail Replacement – Phase V Project to the lowest responsive bidder, Rodan Builders, in the amount of \$1,254,630, and approval of a 10% contingency in the amount of \$125,463.

OUTCOME

Award of this construction contract will enhance safety around the secondary aeration tanks by replacing aging, corroded steel handrails with new OSHA-compliant aluminum handrails and allow for associated concrete repair work. Approval of the contingency of 10% will provide funding for any unanticipated work necessary for the completion of the project.

BACKGROUND

The existing steel handrails and the supporting concrete structures for the handrails around the Secondary Aeration Tanks at the San José/Santa Clara Regional Wastewater Facility (RWF), formerly known as the San José/Santa Clara Water Pollution Control Plant, are more than 40 years old. Due to age and long-term exposure to harmful gases from the tanks, the handrails are showing signs of deterioration and corrosion.

This project will replace approximately 8,500 linear feet of existing corroded handrails with new OSHA-compliant aluminum handrails and toe boards; repair concrete cracks and spalls on the walkways of the tanks; and, seal coat approximately 2,000 square yards of existing asphalt surfaces to reduce vegetation growth and facilitate maintenance work.

ANALYSIS

Bids were opened on April 18, 2013 with the following results:

<u>Contractor</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
JMD Construction (South San Francisco)	\$1,698,140	\$555,640	49
Bugler Construction (Pleasanton)	1,470,600	328,100	29
Spiess Construction (Santa Maria)	1,453,850	311,350	27
Rodan Builders (Burlingame)	1,254,630	112,130	10
Engineer's Estimate	1,142, 500	---	---

A total of four bids were received; all bids were higher than the Engineer's Estimate. The lowest responsive bid received from Rodan Builders of Burlingame, CA in the amount of \$1,254,630 is ten percent above the Engineer's Estimate. The other three bids range from 27% to 49% above the Engineer's Estimate.

Although 12 prospective bidders attended the mandatory pre-bid site walk-through for the project, only 4 bids were received. The low turnout can be attributed to the project's complexity which includes coordinating with RWF operations on shutdowns and working next to deep tanks and narrow passageways. The project also requires significant safety provisions such as fall protection measures and confined space entry. Although the bid received from Rodan Builder is 10% higher than the Engineer's Estimate, staff believes the bid is acceptable.

Council Policy provides for a standard contingency of ten percent on public works projects of this nature to cover for unforeseen conditions that may be encountered during construction. Staff considers the standard contingency appropriate for this project.

EVALUATION AND FOLLOW-UP

The project is currently within budget with a projected completion date of August 2014.. No additional follow up actions with Council is expected at this time.

PUBLIC OUTREACH/INTEREST

- ☒ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

A "Notice to Contractors" inviting qualified contractors to submit bids was posted on BidSync and *San José Post Record*. This memo will be posted on the City's website for June 18, 2013 Council agenda.

COORDINATION

This project and memorandum have been coordinated with the Office of Risk Management, Equality Assurance, the Public Works Department, the Planning, Building and Code Enforcement Department, City Manager's Budget Office, and the City Attorney's Office. This item is scheduled to be heard at the June 13, 2013 Treatment Plant Advisory Committee meeting.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT: \$1,254,630

Project Delivery	\$ 475,000*
Construction	1,254,630
Contingency	125,463
Total Project Costs	\$1,855,093

Expenditures to Date:	178,479
REMAINING PROJECT COSTS:	\$1,676,614

**Project delivery includes \$185,000 for design services, \$200,000 for construction management and inspection, \$50,000 for special inspection services related to epoxy and anchor bolt installation, and \$40,000 for support services during procurement and close-out phases.*

2. COST ELEMENTS OF CONTRACT: \$1,254,630

This is a unit rate contract.

3. SOURCE OF FUNDING: 512 - San José / Santa Clara Treatment Plant Capital Fund – 5690 Plant Infrastructure Improvements.
4. FISCAL IMPACT: Existing funds are available for this project. No additional appropriation action is required.

BUDGET REFERENCE

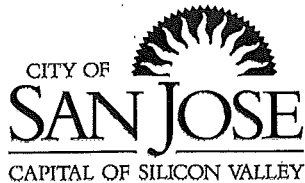
Fund #	Appn #	Appn. Name	RC #	Total Appn	Amt. for Contract	Adopted Budget (Page)	Last Budget Action (Date, Ord. No.)
<u>Remaining Project Costs</u>				\$1,676,614			
<u>Remaining Funding Available</u>				\$3,893,530			
<u>Total Current Funding Available</u>							
512	5690	Plant Infrastructure Improvements	170025	\$4,665,000	\$1,254,630	V-172	6/19/2012 Ord. 29102
<u>Total Funding for Projects</u>				\$4,665,000	\$1,254,630		

CEQA

Exempt, File No. PP11-028.

/s/ Ashwini Kantak for
KERRIE ROMANOW
Director, Environmental Services
Department

For questions please contact Ashwini Kantak, Assistant Director, Environmental Services Department at (408) 975-2553.



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow
Julia Cooper

SUBJECT: SEE BELOW

DATE: May 28, 2013

Approved

Date

5/29/13

SUBJECT: DISTRIBUTED CONTROL SYSTEM UPGRADE AT THE SAN JOSE/SANTA CLARA REGIONAL WASTEWATER FACILITY

RECOMMENDATION

1. Approval of an agreement with ABB Inc. for a Distributed Control System Upgrade at the San José/Santa Clara Regional Wastewater Facility, formerly referred to as the San José/Santa Clara Water Pollution Control Plant, for a term beginning from the date of execution through December 31, 2015, for a total amount not to exceed \$1,814,785 for all hardware, software, professional services, and training, and;
2. Approve a 10% contingency in the amount of \$181,479 to cover unanticipated expense during the term of the agreement.

OUTCOME

Hardware and software upgrades to the existing distributed control system are required to support reliable operations of the wastewater facility. The upgrade will also provide enhanced system functionality and increased capacity to support the many new capital improvements being planned for the wastewater facility.

BACKGROUND

The San José/Santa Clara Regional Wastewater Facility (RWF) is an advanced wastewater treatment facility designed to handle 167 million gallons per day (mgd) of average dry weather flow and 271 mgd of peak wet weather flow. A complex distributed control system is required to support its many operational areas. The current distributed control system (DCS) has been in place since the early 1990s and was originally installed by ABB. The system is comprised of both software and hardware components including servers, workstations, a graphical user

interface (GUI), distributed control units (DCU), field connections known as input/output points (I/O points), and a fiber optic communications network along with various other ancillary equipment.

Functionally, the DCS is used to monitor and control many critical aspects of the RWF's electrical, hydraulic, biological and chemical processes. Typical parameters monitored include flows, levels, pressure, temperature, pH, water turbidity, equipment status indications, and alarm indications. Equipment status along with real-time data are displayed in the form of graphics on a GUI that is monitored by operators on a 24/7 basis. The GUI, also known as the human machine interface (HMI)), allows operators to remotely control and monitor the various process equipment.

The DCS has worked reliably for more than 20 years; however, its existing feature set and expansion capability is limited. The existing system is built on software and hardware that are nearing obsolescence. Replacement hardware is difficult to obtain and the software does not support many advanced functions that are needed to manage new process equipment. ABB Inc. (ABB) has indicated that the existing HMI platform (Conductor NT) is being phased out starting in 2015 along with reduced technical support offerings. A new upgraded GUI platform (800xA) is available and provides more advanced features and expansion capabilities, which is important as new capital improvement projects and equipment are brought online.

ANALYSIS

A Request for Proposals (RFP) was advertised using the City's e-procurement outreach platform on August 28, 2012 for the purpose of describing the DCS Upgrade project and pre-qualifying vendors that demonstrated the requisite skills and experience for this project. ABB was the sole proposer. Staff from the Finance Department's Purchasing Division reviewed the proposal and determined ABB is qualified to perform the upgrade. Staff recommends awarding the contract to ABB for the following reasons:

1. ABB meets the minimum qualifications and experience requirements as set forth in the RFP. Proposers were required to have completed at least two control system upgrade projects similar in size and scope within the last five years. ABB met this requirement.
2. The DCS is a large and complex system that is vital to facility operations. Any upgrades to the system must be done in a reliable and efficient manner and without error. ABB has a proprietary software tool that automates the graphics conversion process. Other third-party integrators could potentially perform the same work using laborious, manual methods that will likely add time and cost, and increase the likelihood of errors. A conversion error could result in an unstable process and put the RWF at risk for a violation of its National Pollutant Discharge Elimination System (NPDES) wastewater discharge permit.

3. Hundreds of graphics and control logics have been custom built for the RWF over the past 20 years. Converting these graphics is a complex and lengthy process and requires specialized knowledge of the existing graphics interface and control system configurations. ABB has in-depth knowledge of both the newer 800xA and legacy DCI System Six Conductor NT control systems, and has the institutional knowledge necessary to implement a project of this magnitude and operational sensitivity.
4. During and upon completion of the DCS upgrade, a significant amount of testing and training will be needed. ABB has a large pool of trained technical staff available to perform lengthy testing and qualified to provide detailed training to operations staff.

The total contract amount recommended for award is not to exceed \$1,996,264 which includes a ten percent contingency in the amount of \$181,479 for change orders. In addition, an estimated tax liability of \$42,793 for sales and use tax will be submitted directly to the City's Finance Department.

The term of agreement will be from the date of contract execution through December 31, 2015. The contract is a firm fixed price and shall be paid to the contractor upon successful completion, and City's acceptance of milestones. As part of the contract's performance based payment structure, a total of \$332,535.00 will be retained until successful completion of the project as determined by the City. A limited liability clause is also included which allows the City up to one year after final acceptance of the project to submit a claim for issues with the project up to a maximum amount of \$5 million.

Staff has evaluated the cost proposal and coordinated review of the limited liability clause with the Office of Risk Management and the City Attorney's Office and believes it is reasonable for the work and services to be provided.

EVALUATION AND FOLLOW-UP

No additional follow up actions with City Council are expected at this time. A separate but related capital project to install additional fiber optic cables and ancillary equipment around the RWF to provide additional capacity and functionality is currently underway and will be brought forth to Council for approval on June 18, 2013.

POLICY ALTERNATIVES

Alternative #1: Utilize existing City staff to perform the project with some minimal consultant support.

Pros: Staff is familiar with the existing controls system and understands the operational sensitivity of the project.

Cons: An estimated five to seven years would be required to complete the project if using in-house staff on a part-time basis.

Reason for not recommending: The availability of experienced and technical staff to perform this project in-house is limited. It is also not practical or prudent to divert staff priorities away from the day-to-day operations of the facility.

PUBLIC OUTREACH/INTEREST

- ☒ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This memorandum will be posted on the City's website for the June 18, 2013 City Council Agenda.

COORDINATION

This memorandum and the contract recommended for approval have been coordinated with the Finance Department, the City Manager's Budget Office, and the City Attorney's Office. The item is scheduled to be heard at the June 13, 2013 Treatment Plant Advisory Committee.

COST SUMMARY/IMPLICATIONS

1.	AMOUNT OF RECOMMENDATION/COST OF PROJECT:	\$1,814,785
	Project Delivery	\$ 631,702*
	Contract	\$1,814,785
	Contingency (10%)	\$ 181,479
	TOTAL PROJECT COST	\$2,627,966

Expenditures to Date: \$ 447,347
 REMAINING PROJECT COSTS: \$2,180,619

*Project Delivery includes \$42,793 for Sales and Use Tax.

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

Software & Hardware \$ 489,060
 HMI Conversion Services 745,880
 Project Management 106,050
 Technical & Operator Training 217,275
 System Commissioning Acceptance & Testing 256,520

TOTAL AGREEMENT AMOUNT \$1,814,785

3. SOURCE OF FUNDING: 512 – San José-Santa Clara Treatment Plant Capital Fund.

4. FISCAL IMPACT: Existing funds are available for this project. No additional appropriation action is required.

BUDGET REFERENCE

Funding for the Distributed Control System Upgrade is included in the 2012-2013 Adopted Capital Budget and the 2013-2017 Capital Improvement Program (CIP). The table below identifies the appropriation and funds proposed to fund the contract recommended as part of this memorandum.

Fund #	Appn #	Appn. Name	RC #	Total Appn	Amt. for Contract	2012-2013 Adopted Capital Budget	Last Budget Action (Date, Ord. No.)
Remaining Project Costs				\$2,180,619			
Total Current Funding Available							
512	7394	Treatment Plant Distributed Control System	170565	\$2,500,000	\$1,814,785	V-170	06/19/2012 Ord. 29102
Funding in Future Years of CIP (if applicable)							
Total Funding for Projects				\$2,500,000	\$1,814,785		

HONORABLE MAYOR AND CITY COUNCIL
May 28, 2013
Subject: Distributed Control System Upgrade
Page 6 of 6

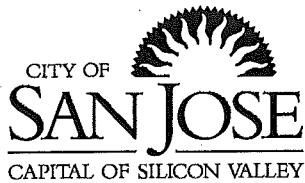
CEQA

Not a Project, File No. PP10-066(a), Agreements/Contracts.

/s/ Ashwini Kantak for
KERRIE ROMANOW
Director, Environmental Services

/s/
JULIA COOPER
Director, Finance

For questions please contact Ashwini Kantak, Assistant Director, at (408) 975-2553, or Mark Giovannetti, Purchasing Division Manager, at (408) 535-7052.



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow
David Sykes

SUBJECT: SEE BELOW

DATE: May 30, 2013

Approved

Date

6/4/13

COUNCIL DISTRICT: 4

**SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT FOR 7247 –
NORTECH AND TRIMBLE RESERVOIR REHABILITATION**

RECOMMENDATION

Report on bids and award of contract for the 7247 – Nortech and Trimble Reservoir Rehabilitation project to the lowest responsive bidder, Paso Robles Tank, Inc., in the amount of \$1,146,091.40, and approve a contingency in the amount of \$114,609.

OUTCOME

The award of the 7247 – Nortech and Trimble Reservoir Rehabilitation will enable the rehabilitation of two existing reservoirs used for emergency fire suppression that will increase system reliability and improve worker safety.

BACKGROUND

The San José Municipal Water System has two reservoirs that serve the North San José and Alviso service areas, and provide water storage for domestic use and fire protection. Nortech and Trimble reservoirs were built in 1996 and 1978 respectively. Recent physical assessment conducted for these reservoirs indicates that the coatings are severely deteriorated and now require rehabilitation in order to ensure a reliable source of water and extend the life of the facilities. Work includes recoating, replacing tank components and appurtenances, and safety upgrades.

ANALYSIS

The project was advertised for bid and a total of ten bids were received and opened on May 2, 2013, with the following results:

<u>Contractor</u>	<u>City</u>	<u>Bid Amount</u>	<u>Variance Over/(Under)</u>	
			<u>Amount</u>	<u>Percent</u>
Olympos Painting, Inc.	Van Nuys, CA	\$997,160.00	(\$92,340)	(8.5)
Engineer's Estimate	--	\$1,089,500.00	--	--
Paso Robles Tank, Inc.	Hemet, CA	\$1,146,091.40	\$56,591	5.2%
Blastco, Inc.	San José, CA	\$1,168,373.00	\$78,873	7.2%
Olympus & Associates, Inc	Reno, NV	\$1,235,653.00	\$146,153	13.4%
Utility Service Co., Inc.	Perry, GA	\$1,245,400.00	\$155,900	14.3%
State Painting Co., Inc.	Salt Lake City, UT	\$1,381,250.00	\$291,750	26.8%
Crosno Construction, Inc.	Arroyo Grande, CA	\$1,469,500.00	\$380,000	34.9%
FARR Construction Corporation	Sparks, NV	\$1,546,587.00	\$457,087	42.0%
Advance Industrial Services, Inc.	Los Alamitos, CA	\$1,765,358.00	\$675,858	62.0%
FD Thomas Inc.	Central Point, OR	\$2,998,800.00	\$1,909,300	175.2%

Analysis of the bids revealed that the bids submitted by Olympos Painting, Inc, Blastco, Inc. and State Painting Co. Inc., contained irregularities in that they did not complete the required Statement of Bidder's Experience form.

These three bids all attached a job list in lieu of using the Statement of Bidder's Experience form. The City's instructions clearly stated that bidders must use that form and may not substitute any other documents to detail their job experience. As such, staff has determined that their bids are non-responsive.

Staff has invested significant time and effort in developing standardized bid documents in order to efficiently analyze bid submissions. When bidders deviate from the forms, unnecessary costs and delay are incurred by the City.

Because of the non-responsiveness of the Olympos Painting Inc. bid, staff recommends awarding the Nortech and Trimble Reservoir Rehabilitation (Project) to the lowest responsive bidder, Paso Robles Tank, Inc., whose bid has been reviewed, analyzed, and found acceptable. The lowest responsive bid is 5.2% over the Engineer's Estimate and is considered to be acceptable for the proposed work. A contingency of 10% in accordance with the City's standard policy is recommended for this project.

EVALUATION AND FOLLOW-UP

The project is currently within budget and on schedule. No additional follow up actions with the Council are expected at this time.

PUBLIC OUTREACH/INTEREST

- ☒ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item meets Criterion 1: Requires Council action on the use of public funds equal to \$1 million or greater. To solicit contractors, this project was listed on *BidSync* and advertised in the *San José Post Record*. In addition, this memorandum will be posted on the City's website for the June 18, 2013, Council Agenda.

COORDINATION

This project has been coordinated with Risk Management, the City Manager's Budget Office and the City Attorney's Office.

FISCAL/POLICY ALIGNMENT

There are no cost implications to the General Fund as a result of this action. This recommendation meets the general principles of the 2012 Mayor's June Budget Message of providing essential public services while valuing financial sustainability and cost recovery.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION: \$1,146,091.40
2. COST OF PROJECT:
 - Project Delivery – Construction \$79,299.46
 - Construction \$1,146,091.40
 - Contingency \$114,609.14
 - TOTAL/REMAINING PROJECT COSTS \$1,340,000.00
3. SOURCE OF FUNDING: 500 — Water Utility Capital Fund

BUDGET REFERENCE

The table below identifies the fund and appropriations proposed to fund the contract recommended as part of this memo.

Fund#	Appn.#	Appn. Name	RC #	Total Appn.	Amt. For Contract	2013-2014 Proposed Capital Budget Page	Last Budget Action (Date, Ord. No.)
Remaining Project Costs				\$1,340,000			
500	7446	Nortech and Trimble Reservoir Rehabilitation	173175	\$1,340,000	\$1,146,091.40	TBD	TBD
Total Current Funding Available				\$1,340,000	\$1,146,091.40		

Funding for this project is subject to City Council approval of the Proposed 2014-2018 Capital Improvement Program Budget.

CEQA


Exempt, File No. PP13-016.

/s/
 DAVID SYKES
 Director of Public Works

/s/
 KERRIE ROMANOW
 Director of Environmental Services

For questions please contact Jeff Provenzano, Division Manager, Environmental Services Department, at (408) 277-4218.

CITY COUNCIL ACTION REQUEST

Department(s): Public Works	CEQA: Not a Project, File No. PP10-066(d), consultant services	Coordination: PBCE, PRNS and CAO	Dept. Approval: /s/ David Sykes
Council District(s): 6			CMO Approval: 

SUBJECT: AGREEMENT FOR CONSULTANT SERVICES WITH CH2M HILL, INC.

RECOMMENDATION:

Adopt a resolution authorizing the City Manager to negotiate and execute the Agreement for Consultant Services for the Los Gatos Creek Reach 5B/C in the amount of \$1,430,050 with CH2M HILL, Inc.

BASIS FOR RECOMMENDATION:

The Los Gatos Creek Trail, one of 35 trail systems in San José, is a core system in the network as it provides a long-distance route between housing and employment and it serves both recreational and commuting travelers. Once completed, the system will begin in downtown San José at the confluence of the Guadalupe River and lead to Lexington Dam near the Town of Los Gatos.

The Los Gatos Creek Trail Reach 5 Master Plan was approved by Council on June 17, 2008. The Reach 5 alignment begins at Confluence Park at West Santa Clara Street and terminates at Auzerais Avenue. Within the Reach 5 alignment, existing sub-reach 5A extends from Auzerais Avenue to the future under-crossing at the Southern Pacific Railroad trestle/San Carlos Street, 5B is the under-crossing, and 5C extends the trail from the under-crossing to Montgomery Avenue. There are multiple transportation, utility and environmental constraints; significant coordination with numerous federal, state and local stakeholders is required to determine a viable trail alignment under the railroad bridge and street.

In December 2011, the City received Federal funding in the amount of \$1,600,000 to prepare construction documents and National Environmental Policy Act (NEPA) environmental clearance documents for the Los Gatos Creek Trail Reach 5B/C project. The funding is being administered by Caltrans.

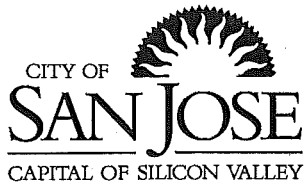
In May and June 2012, the City conducted a Request for Qualifications (RFQ) seeking qualified engineering firms to do this work. CH2M HILL was the top-ranked firm of the four who submitted Statements of Qualifications. Negotiations for the agreement concluded in late 2012. Staff reviewed the consultant's cost proposal of \$1,430,050, compared it with similar projects, and considers this proposal reasonable for a project with the complexity of the Los Gatos Creek Trail Reach 5B/C.

Caltrans, as the agency administering the grant funding, granted approval to move forward in April 2013. Caltrans must issue a conformance letter prior to the City executing the consultant agreement. Allowing the City Manager to negotiate and execute the agreement following receipt of this letter will enable the project to efficiently meet the grant requirements.

COST AND FUNDING SOURCE:

Budget year: FY 2012-2013	Budget Reference: Appn. Ord. 29163; 10/16/2012
Appn: 7304	Vis Code: 375-16905X
Appn Amount: \$1,592,000	

FOR QUESTIONS CONTACT: Barry Ng, Deputy Director of Public Works at 408-535-8300.



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: David Sykes

SUBJECT: SEE BELOW

DATE: May 28, 2013

Approved

Date

5/30/13

**SUBJECT: 6913 - SAN JOSÉ INTERNATIONAL AIRPORT NORTHEAST PARCEL
DEVELOPMENT PROJECT**

RECOMMENDATION

Report on bids and award of contract for the 6913 - San José International Airport Northeast Parcel Development Project to the low bidder, Zovich & Sons, Inc., for the base bid and Add Alternate Nos. 1, 2, 3, and 4 in the amount of \$5,480,000, and approval of a contingency in the amount of \$548,000.

OUTCOME

Approval of this item will allow the City to award and execute the contract within the timeframes needed to complete the work while minimizing the impact of construction on the operation of the Airport. Approval of the standard ten percent contingency for a building related project will provide funding for any unanticipated work necessary for the proper completion of the project.

BACKGROUND

This project is located at the Norman Y. Mineta San José International Airport (Airport) on a 4.4 acre site on the northeast side of the Airport bounded by Airport Boulevard to the east, the Compressed Natural Gas fueling station and airfield jet fuel dispensing facility to the south, and the airfield ramp to the west (see attachment A). This site, which has been previously used by rental car companies and vacated in 2010 once new facilities were built, comprises the Northeast Parcel Development project. This project will relocate the Airport's shuttle bus operations and the jet fueling staging and maintenance activities to this area of the Airport. Relocating both of these functions is consistent with the Airport's Master Plan.

After the Airport's Long Term Parking was moved from the west side to the east side economy lot there was no longer a need for the shuttle bus route to include the west side areas. The current location of the shuttle bus operations on the west side of the Airport property near Martin Avenue is now remote from the areas the shuttle buses serve. Moving the shuttle bus staging

closer to the areas served will provide real and immediate savings in decreased operating costs to the Airport.

Fuel truck maintenance is currently conducted at the southeast end of the Airport, near Fire Station 20, on the open ramp and exposed to the elements. This presents a storm water compliance challenge and potential exposure of the storm sewer system if there is a spill, leak or rain event. Providing a dedicated site with an enclosed facility to conduct maintenance will reduce this exposure.

Awarding this project is critical to maintaining the project schedule for the start of construction in September 2013 and substantial completion in April 2014.

ANALYSIS

The base scope of work for this project is divided into three separate aviation-support uses (see attachment B):

- Shuttle Bus Parking and Support: Approximately one-third of the site fronting Airport Boulevard would be improved with a 65,800 square foot asphalt parking area for the storage of Airport shuttle buses and an approximately 2,500 square foot one story pre-engineered metal building for employee support.
- Fuel Truck Parking and Support: Approximately one-third of the site adjacent to the airfield ramp would be improved with a 69,600 square foot concrete parking area for the storage of jet fuel trucks and an approximately 4,500 square foot one story pre-engineered metal building for maintenance and employee support.
- Employee Parking Lot: The northern portion of the site would be improved with a 44,000 square foot asphalt parking lot to serve employees of the shuttle and fueling operations.

Additional site work would include security fencing, utility improvements, and an additive alternate for a landscaped strip with nine new trees to be located along Airport Boulevard.

In addition to the base scope of work there are four Add Alternate bid items as follows:

Add Alternate No. 1: Installation of site utilities to a potential future development site at the north end of the Fuel Truck Parking Area.

Add Alternate No. 2: Installation of heavy duty Portland Concrete Cement paving at the north end of the Fuel Truck Parking Area in lieu of stabilized decomposed granite paving. Installation of heavy duty Asphalt Concrete at the north end of the Shuttle Bus Parking Area in lieu of stabilized decomposed granite paving.

Add Alternate No. 3: Installation of additional planting and additional irrigation.

May 28, 2013

Subject: San José International Airport Northeast Parcel Development

Page 3

Add Alternate No. 4: Installation of additional bollards at the shuttle bus and fuel truck buildings.

Bids were opened on May 9, 2013 with the following results:

<u>Contractor</u>	<u>Base Bid</u>	<u>Total Add Alts 1,2,3 and 4</u>	<u>Total Base Bid + Add Alts</u>	<u>Variance Amount</u>	<u>Base Bid + Add Alts Over/(Under) Percent</u>
Rodan Builders, Inc. (Burlingame)	\$6,111,000	\$262,000	\$6,373,000	\$123,000	2
Engineer's Estimate	5,810,000	440,000	6,250,000	-	-
Granite Rock Company (San José)	5,600,000	403,000	6,003,000	(247,000)	(4)
Pacific-Mountain Contractor (Concord)	5,321,671	431,953	5,753,624	(496,376)	(8)
Gonsalves & Stronck Const. (San Carlos)	5,136,000	455,200	5,591,200	(658,800)	(11)
Zovich & Sons, Inc. (Hayward)	5,189,000	291,000	5,480,000	(770,000)	(12)

<u>Contractor</u>	<u>Add Alt. No. 1</u>	<u>Add Alt. No. 2</u>	<u>Add Alt. No. 3</u>	<u>Add Alt. No. 4</u>
Rodan Builders, Inc.	\$127,000	\$25,000	\$46,000	\$64,000
Engineer's Estimate	118,000	240,000	50,000	32,000
Granite Rock Company	40,000	300,000	50,000	13,000
Pacific-Mountain Contractor	81,807	208,978	106,924	34,244
Gonsalves & Stronck Const.	87,300	201,800	148,700	17,400
Zovich & Sons, Inc.	85,000	125,000	73,000	8,000

The project specifications stated that the lowest bid would be determined by the total of the base bid plus Add Alternates not to exceed \$6,250,000. The bid submitted by Zovich & Sons, Inc. had the lowest combination of base bid plus Add Alternate Nos. 1-4 and did not exceed \$6,250,000. Zovich's total bid is 12 percent below the Engineer's Estimate. Staff has evaluated Zovich's bid proposal and found it acceptable for this work. Add Alternate Nos. 1, 2, 3 and 4 are recommended for award because the project budget is sufficient to accommodate these additions to the project. Therefore, staff recommends the award of the base bid and Add Alternate Nos. 1-4 to Zovich.

Council Policy provides for a standard contingency of ten percent on public works projects involving the construction of a building. A ten percent contingency should provide funding for any unanticipated work necessary for the timely completion of the project.

EVALUATION AND FOLLOW-UP

No subsequent Council action on this issue is expected.

PUBLIC OUTREACH/INTEREST

- ☒ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

The project meets Criterion 1: Requires Council action on the use of public funds equal to \$1 million or greater. This project was listed on *BidSync* and was advertised in the *San José Post Record*. This memo will be posted online to the June 18, 2013, Council agenda.

COORDINATION

This memorandum has been coordinated with the Planning, Building and Code Enforcement Department, Airport Department, the City Attorney's Office, and the City Manager's Budget Office.

FISCAL/POLICY ALIGNMENT

The San José Municipal Code requires that capital projects at the Airport be consistent with the adopted Airport Master Plan. The Northeast Parcel Development Project is consistent with the Master Plan pursuant to Municipal Code Section 25.04.210 (B).

This project is consistent with the Guiding Principles for Budget and Financial Management, Mayor's 2006-2007 Revised June Budget Message, in that it supports economic recovery and job creation.

This project is consistent with several initiatives identified in the Economic Development Strategy adopted by Council in November 2003, and aligns most significantly with:

- Strategic Initiative #1: Build a World-Class Airport and Air Services, and

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Subject: San José International Airport Northeast Parcel Development

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- Strategic Initiative #5: Support the Growth (and Start-up) of Local Businesses – Small and Large (5.12 – increase access to City contracting and purchasing opportunities through improvements to communications and procurement process).

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:	\$ 5,480,000
Project Delivery	\$ 1,253,900*
Construction	\$ 5,480,000
Contingency (10%)	\$ 548,000
TOTAL PROJECT COST:	\$ 7,281,900
Expenditures To Date:	\$ (618,593)
REMAINING PROJECT COSTS	\$ 6,663,307

* Project delivery includes the following:

\$450,200 for Consultant Design Services

\$803,700 for Design Management, Construction Management and Inspection Services.

2. SOURCE OF FUNDING: 526 - Airport Revenue Bond Improvement Fund
3. OPERATING COST: The project has been reviewed and was determined that it will have no significant adverse impact on the General Fund operating budget.

BUDGET REFERENCE

Funding for Northeast Parcel Development project is included in the 2012-2013 Adopted Capital Budget. The table below identifies the appropriation and funds proposed to fund the agreement recommended as part of this memorandum.

Fund #	Appn #	Appn. Name	Total Appn	Amount For Contract	2012-2013 Adopted Capital Budget	Last Budget Action (Date, Ord. No.)
526	5253	Terminal Area Development Phase I (TAIP)	\$20,544,000	\$5,480,000	V-733	10/16/2012, Ord. No. 29163
Total Funding for Remaining Project Costs			\$20,544,000	\$5,480,000		

HONORABLE MAYOR AND CITY COUNCIL

May 28, 2013

Subject: San José International Airport Northeast Parcel Development

Page 6

CEQA

Resolution Nos. 67380 and 71451, PP12-065

/s/

DAVID SYKES

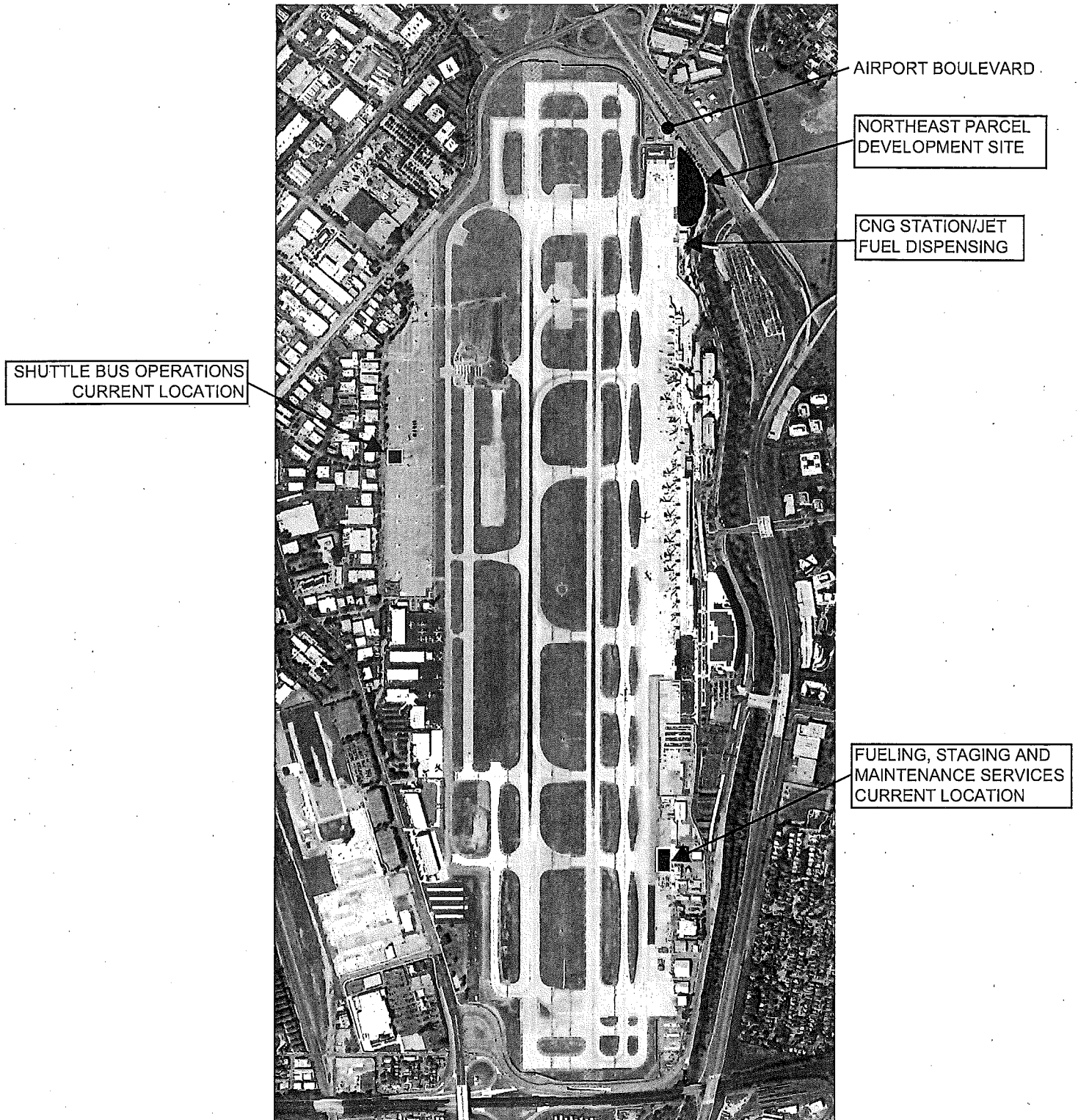
Director of Public Works

For questions please contact Barry Ng, Deputy Director, at (408) 535-8300.

Attachments

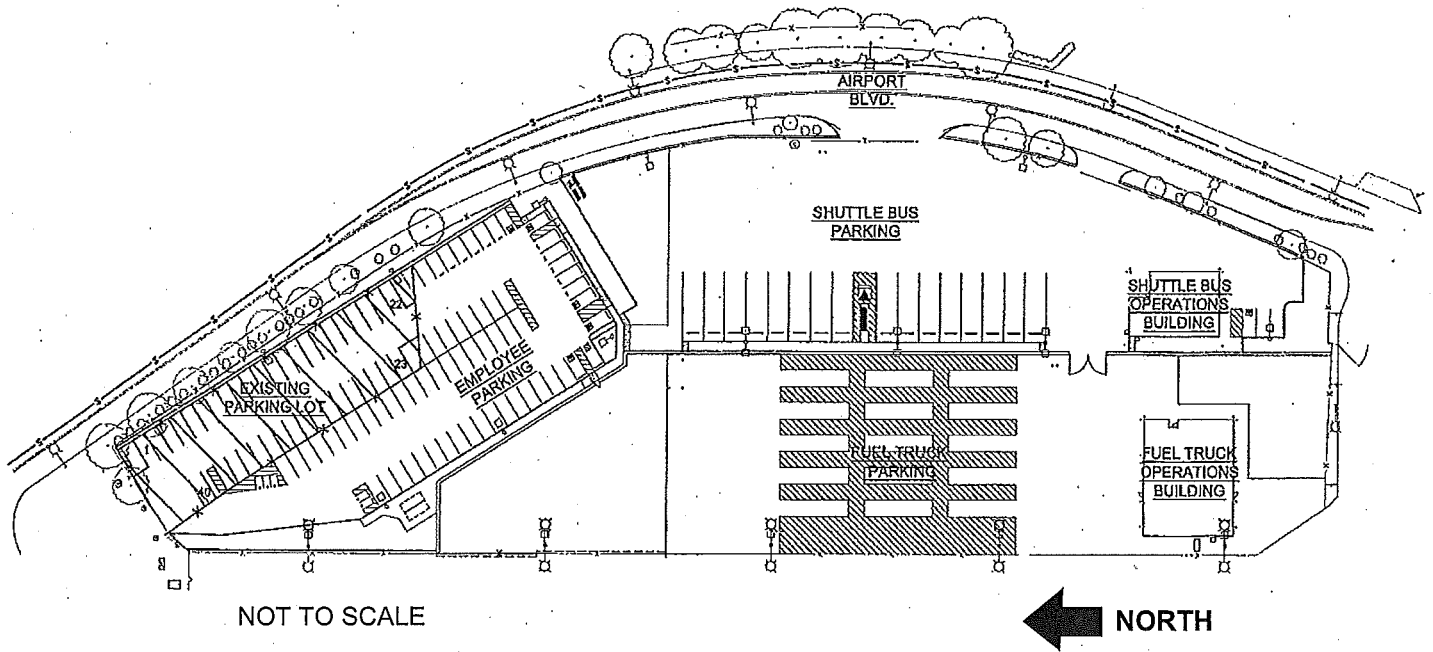
ATTACHMENT A

MINETA SAN JOSE INTERNATIONAL AIRPORT



ATTACHMENT B

SITE PLAN



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: David Sykes
Hans F. Larsen
Jennifer A. Maguire

SUBJECT: SEE BELOW

DATE: May 28, 2013

Approved



Date

6/4/13

COUNCIL DISTRICT: 3

**SUBJECT: AWARD OF CONTRACT FOR THE SAN FERNANDO STREET
ENHANCED BIKEWAY AND PEDESTRIAN ACCESS PROJECT REBID
(BETWEEN CAHILL STREET AND 10TH STREET), AND RELATED
APPROPRIATION ACTION IN THE BUILDING AND STRUCTURE
CONSTRUCTION TAX FUND**

RECOMMENDATION

1. Reject all bids received on March 7, 2013, for 6656-San Fernando Street Enhanced Bikeway and Pedestrian Access (Between Cahill Street and 10th Street) Federal Project No. STPL-5005(105).
2. Report on bids and award the contract for the Rebid: 6656-San Fernando Street Enhanced Bikeway and Pedestrian Access (Between Cahill Street and 10th Street), Federal Project No. STPL-5005(105) to the low bidder, American Asphalt Repair and Resurfacing Company Inc., for the base bid and Add Alternate Nos. 1 and 2 in the amount of \$1,638,859, and approval of a ten percent contingency in the amount of \$163,885.
3. Adoption of the following 2013-2014 Appropriation Ordinance amendments in the Building and Structure Construction Tax Fund:
 - a. Establish an appropriation to the Department of Transportation for San Fernando Street Enhanced Bikeway and Pedestrian Access in the amount of \$397,000; and
 - b. Decrease the Ending Fund Balance in the amount of \$397,000.

OUTCOME

The recommended actions will allow the City to award the project to the low bidder from the second set of bids received on April 25, 2013, and provide the funding necessary to complete the

May 28, 2013

Subject: San Fernando Street Enhanced Bikeway and Pedestrian Access Project Rebid and Appropriation
Action in the Building and Structure Construction Tax Fund

Page 2

project that will install pedestrian and bicycle improvements and enhance a multimodal transportation corridor that provides direct access to key destinations such as Diridon Station, San Jose State University, and downtown San José.

BACKGROUND

On August 3, 2010, the City Council approved the acceptance of the 2010 Transportation for Livable Communities (TLC) grant from the Metropolitan Transportation Commission and appropriated matching funds for the proposed improvements. On June 1, 2012, the City received the Authorization to Proceed with Construction from Caltrans with a federal participation cost of \$1,425,000. On November 19, 2012, the City received an amended Authorization to Proceed with Construction with additional funds of \$139,964, which increased the total federal participation cost to \$1,564,964.

The project will construct improvements to the existing pedestrian and bicycle facilities along San Fernando Street that will enhance accessibility and facilitate a safe and convenient walking and bicycling experience. The improvements will upgrade a pedestrian and bicycle route between Diridon Station and San Jose State University, downtown businesses, high density housing, and recreational facilities including trail connections along the corridor. The project will encourage pedestrian and bicycle mobility by providing safe access and comfortable connections between public transit facilities and key downtown San José destinations.

The project is the first primary bikeway to feature green colored bike lanes, which is a new innovation highlighted in the City's Bike Plan 2020. The project scope also includes enhanced crosswalks, ADA ramps, energy efficient "smart" street lighting, street trees, pavement, sidewalk, drainage, modifications of the traffic signal at Almaden Boulevard, and installation of bike detectors.

ANALYSIS

On March 7, 2013, the City received the initial set of four bids. All four bids were significantly higher than the engineer's estimate of \$1,631,500. The low bid was \$1,950,455, which was approximately 20% above the engineer's estimate. Given the amount of the initial bids, staff decided to rebid the project with a reduced project scope. The new project scope reduced the quantity of pavement and created two Add Alternates, which are as follows:

Add Alternate No. 1 – Landscaping items such as street trees and bike racks

Add Alternate No. 2 Energy efficient "smart" LED street lighting.

The second set of bids was opened on April 25, 2013, with the following results:

HONORABLE MAYOR AND CITY COUNCIL

May 28, 2013

**Subject: San Fernando Street Enhanced Bikeway and Pedestrian Access Project Rebid and Appropriation
Action in the Building and Structure Construction Tax Fund**

Page 3

Contractor	Base Bid	Add Alt. 1	Add Alt. 2	Total Bid	Variance	Over/Under Percent
Redgwick Construction Co.	\$1,784,818.75	\$111,645	\$159,138	\$2,055,601.75	\$664,411.75	48%
Graniterock Company dba Pavex Construction Division	\$1,730,510	\$54,540	\$130,032	\$1,915,082	\$523,892	38%
O'Grady Paving, Inc.	\$1,637,839	\$65,980	\$130,410	\$1,834,229	\$443,039	32%
Wattis Construction Company, Inc	\$1,499,914	\$77,205	\$131,040	\$1,708,159	\$316,969	23%
American Asphalt Repair and Resurfacing Company, Inc.	\$1,434,337	\$60,000	\$144,522	\$1,638,859	\$247,669	18%
Engineer's Estimate	\$1,206,000	\$40,290	\$144,900	\$1,391,190	-----	-----

The improving economy and growth in construction activity has impacted the competitiveness of bids received. Although the low bid submitted by American Asphalt Repair and Resurfacing Company, Inc. is 18 percent above the engineer's estimate, staff considers their bid a reasonable cost for construction given the scope of work involved.

Additionally, the total cost of construction and contingency is \$1,802,744, which is only slightly higher than the TLC grant amount and required local matching funds. Removing the Add Alternates from the scope of work would reduce the total construction contract by \$204,522. The TLC grant is based on the total construction contract amount, and reducing the construction contract will consequently decrease the reimbursement the City receives from the TLC grant. Awarding both Add Alternates takes advantage of all available federal grant funding that can be applied towards the project.

Given the current bidding environment and TLC grant requirements, staff recommends awarding the project to the low bidder, American Asphalt Repair and Resurfacing Company, Inc., in the amount of \$1,638,859, which includes both Add Alternates.

Council Policy provides for a standard contingency of ten percent on public works projects involving the construction of roadway improvements with underground utility work. Staff recommends the standard contingency of ten percent in the amount of \$163,885 for this project.

May 28, 2013

Subject: San Fernando Street Enhanced Bikeway and Pedestrian Access Project Rebid and Appropriation
Action in the Building and Structure Construction Tax Fund

Page 4

In accordance with Federal Regulations, 49 CFR Part 26, a DBE goal of 9.5% was established for this project. American Asphalt Repair and Resurfacing Company Inc., met and exceeded the DBE; they attained 9.7% DBE participation.

Construction is scheduled to commence in August 2013 with completion expected in January 2014.

EVALUATION AND FOLLOW-UP

No further follow-up actions are needed at this time.

POLICY ALTERNATIVES

Alternative No. 1: Council could elect to not award to the low bidder and direct staff to further reduce project scope.

Pros: Staff can redesign the project with a new scope that will allow the project to meet the approved grant amount allocated for construction.

Cons: Redesigning the project with a reduced scope will increase the project delivery costs.

Alternative No. 2: Council could elect to award to the low bidder with a reduced project scope that eliminates both Add Alternates.

Pros: The project would be awarded at a reduced construction contract amount.

Cons: The TLC grant is based on the total construction contract amount. Reducing the total contract amount will consequently decrease the reimbursement the City receives from the TLC grant. Further, the Add Alternates are key aesthetic features that will help to enhance the San Fernando Street corridor.

PUBLIC OUTREACH

- ✓ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater; **(Required: Website Posting)**
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

HONORABLE MAYOR AND CITY COUNCIL

May 28, 2013

**Subject: San Fernando Street Enhanced Bikeway and Pedestrian Access Project Rebid and Appropriation
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Page 5

This project meets Criterion 1: Requires Council action on the use of public funds equal to \$1 million or greater. This project was listed on *BidSync* and was advertised in the *San José Post Record* and *San José Mercury News*. This memo will be posted online for the June 18, 2013, City Council agenda.

COORDINATION

This project has been coordinated with the Department of Planning, Building and Code Enforcement and the City Attorney's Office.

FISCAL/POLICY ALIGNMENT

This project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy.

COST IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:

Project Delivery	\$801,756
Construction	\$1,638,859
Contingency	<u>\$163,885</u>
TOTAL PROJECT COSTS	\$2,604,500
 Prior Year Expenditures*	 <u>(\$643,000)</u>
 REMAINING PROJECT COSTS	 \$1,961,500
 Current Funding Available in 2013-2014	 \$1,565,000
 ADDITIONAL FUNDING REQUIRED	 (\$396,500)

*Includes prior year expenditures and 2012-2013 projected expenditures through June 30, 2013.

HONORABLE MAYOR AND CITY COUNCIL

May 28, 2013

**Subject: San Fernando Street Enhanced Bikeway and Pedestrian Access Project Rebid and Appropriation
Action in the Building and Structure Construction Tax Fund**

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2. COST ELEMENTS OF CONSTRUCTION CONTRACT:

Drainage Facilities	\$201,730
Asphalt Concrete Pavement	213,675
PCC Sidewalk & ADA Ramps	255,887
Traffic Signs, Striping & Pavement Marking	218,344
Slurry Seal	110,000
Colored Bike Path	138,416
Landscaping Items	65,320
Traffic Signals	130,030
Street Lights	144,522
Miscellaneous Items	160,935
TOTAL	\$1,638,859

3. SOURCE OF FUNDING: 465 – Construction Excise Tax Fund
429 – Building and Structure Construction Tax Fund
(as recommended with this City Council action)

4. OPERATING COST: The proposed operating and maintenance costs of this project have been reviewed and will have no significant adverse impact on the General Fund operating budget.

BUDGET REFERENCE

Fund #	Appn. #	Appn. Name	RC	Total Appn.*	Amt for Project	Amt for Contract	2013-14 Proposed Capital Budget Page*
Current Funding Allocation							
465	7267	San Fernando Enhanced Bikeway & Pedestrian Access	164685	\$1,565,000	\$1,565,000	\$1,565,000	V - 749
Additional Funding Recommended							
429	8999	Ending Fund Balance	N/A	\$990,032	\$397,000	\$73,859	V - 728
Total Funding				\$2,555,032	\$1,962,000	\$1,638,859	

* Subject to the approval and adoption of the 2013-2014 Proposed Operating Budget by the City Council on June 18, 2013.

HONORABLE MAYOR AND CITY COUNCIL

May 28, 2013

Subject: San Fernando Street Enhanced Bikeway and Pedestrian Access Project Rebid and Appropriation
Action in the Building and Structure Construction Tax Fund

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CEQA

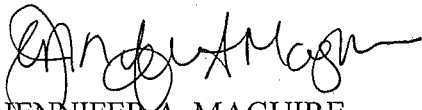
City Public Project Exemption, PP10-124, 06/18/10. Caltrans NEPA, 03/28/12.

/s/

DAVID SYKES
Director of Public Works

/s/

HANS F. LARSEN
Director of Transportation



JENNIFER A. MAGUIRE
Budget Director

For questions please contact Michael O'Connell, Deputy Director of Public Works Department, at
(408) 535-8300.

Attachment

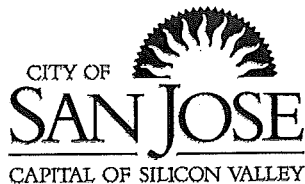


LOCATION MAP

SAN FERNANDO ST ENHANCED BIKEWAY AND PEDESTRIAN ACCESS

From Cahill Street to 10th Street

CITY OF SAN JOSE
DEPARTMENT OF TRANSPORTATION
APRIL 2010



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Hans F. Larsen
Jennifer A. Maguire

SUBJECT: SEE BELOW

DATE: May 28, 2013

Approved

Date

6/4/13

**SUBJECT: VEHICLE REGISTRATION FEE GRANT AGREEMENT AND RELATED
APPROPRIATION ORDINANCE AND FUNDING SOURCES
RESOLUTION AMENDMENTS IN THE CONSTRUCTION EXCISE
TAX FUND**

RECOMMENDATION

1. Approval and execution of a Vehicle Registration Fee (VRF) grant agreement with the Santa Clara Valley Transportation Authority (VTA) in an amount not to exceed \$621,000 to complete traffic signal communication repair and retiming projects throughout the City.
2. Adoption of the following 2013-2014 Appropriation Ordinance and Funding Sources Resolution amendments in the Construction Excise Tax Fund:
 - a. Increase to the Earned Revenue estimate in the amount of \$494,000;
 - b. Establish an appropriation to the Department of Transportation for ITS Monitoring and Maintenance - VRF in the amount of \$50,000; and
 - c. Establish an appropriation to the Department of Transportation for Signal Retiming - VRF in the amount of \$444,000.

OUTCOME

The recommended actions will provide 100% reimbursable grant funding to complete traffic signal communication repair and retiming projects throughout San José, and support the City's goal to provide a positive, reliable, and efficient travel experience.

BACKGROUND

In November 2010, Santa Clara County voters approved Measure B, adding a \$10 vehicle registration fee on motor vehicles registered within the county to pay for programs and projects

bearing a relationship or benefit to the owners of motor vehicles paying the fee. VTA is responsible for administering the VRF program. On January 10, 2013, the VTA Board approved a list of VRF-funded Intelligent Transportation System (ITS) Projects, which included five applications submitted by the City.

ANALYSIS

The following are applications that were approved by VTA for VRF grant funding:

Silicon Valley -Intelligent Transportation System Wide Area Network (WAN) Monitoring & Maintenance Services (\$50,000)

This project will provide funds for one year of consultant services to monitor and manage the regional traffic signal communication network that was recently upgraded with federal grant funds. This network serves as the communication backbone that enables local agency traffic management centers to share traffic data and video, and to provide troubleshooting and maintenance services as necessary to ensure 100% communication network uptime. VTA identified VRF monies to fund operation and maintenance needs over a two-year period for eligible agencies, with grant funds awarded on an annual basis. VTA awarded the City grant funding for one year, to provide for the monitoring and maintenance of the regional traffic signal communication network. The Administration will apply for VRF funding next year for this purpose as required by VTA's process, and staff anticipates the second year grant request will be favorably received. If the funding is not renewed, the City may consider to locally fund these ongoing monitoring and maintenance costs from the Traffic Capital Program.

Traffic Signal Communication and Vehicle Detection Repairs (\$127,000)

This project provides for the repair of damaged fibers along Brokaw and McKee Roads, repair of 39 vehicle detection loops citywide, and replacement of approximately 4,200 feet of stolen signal communication cabling along First Street. These repairs will restore critical traffic signal interconnect communication to facilitate signal synchronization, and eliminate inefficient traffic signal operations at signalized intersections along key commute corridors.

Signal Retiming (\$444,000)

Three signal retiming projects funded through this agreement will retime traffic signals along bicycle corridors within the Downtown, as well as along major corridors that experience significant weekend traffic volume as detailed below. These projects will play a critical role in improving reliability, predictability, and efficiency of travel along arterial roads, improve air quality through decreased motor vehicle emissions and fuel consumption, as well as improve safety of motorists, pedestrians, and bicyclists. The retiming projects will occur along the following major corridors:

- Alum Rock Avenue, Story Road, Monterey Road and Oakland Road
- Hedding Street, Third Street, Fourth Street, Tenth Street, Eleventh Street and Keyes Street
- Almaden Boulevard, Blossom Hill Road, Santa Teresa Boulevard and Saratoga Avenue

EVALUATION AND FOLLOW-UP

No further follow-up actions are needed at this time.

POLICY ALTERNATIVES

Not applicable.

PUBLIC OUTREACH/INTEREST

- ☒ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item meets Criterion 1 and will be posted on the City's website for the June 18, 2013, City Council meeting as part of the Council Agenda public outreach process.

COORDINATION

This item has been coordinated with the Department of Planning, Building, and Code Enforcement, and the City Attorneys Office.

FISCAL/POLICY ALIGNMENT

The recommended action aligns with the Transportation and Aviation Services CSA Outcome related to providing a positive, reliable, and efficient travel experience.

COST SUMMARY/IMPLICATIONS

All costs incurred from the recommended projects described above will be 100% reimbursed by the VTA and will have no adverse impact on the General Fund operating budget. Of the \$621,000 included in the grant agreement, \$127,000 was previously recognized and allocated to

the Safety - Traffic Signal Rehabilitation project as part of the 2012-2013 Mid-Year Budget process, and is recommended to be rebudgeted as part of the 2013-2014 Proposed Capital Budget. The remaining grant funding and associated expenditures in the amount of \$494,000 is recommended for inclusion in the 2013-2014 Adopted Capital Budget and 2014-2018 Adopted Capital Improvement Program (CIP). All grant funding is recommended to be received within the Construction Excise Tax Fund. The costs and recommended CIP title for each project is listed below.

Grant Application Title	CIP Project Title	Grant Amount
SV-ITS WAN Monitoring & Maintenance Services	ITS Monitoring and Maintenance – VRF	\$50,000
Traffic Signal Communication and Vehicle Detection Repairs	Safety – Traffic Signal Rehabilitation	\$127,000*
Signal Retiming	Signal Retiming - VRF	\$444,000


*This amount is one component of the Safety – Traffic Signal Rehabilitation project, which also receives an ongoing annual allocation of City funds (\$780,000 in 2013-2014) for various traffic signal rehabilitation needs.

CEQA

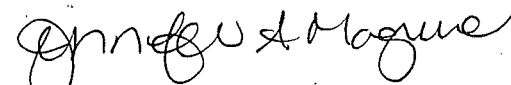
Exempt, File No. PP10-158. 15301(c) Existing highways and streets
Exempt, File No. PP10-113. 15301(c) Existing highways and streets

/s/

HANS F. LARSEN
Director of Transportation


JENNIFER A. MAGUIRE
Budget Director

I hereby certify that there will be available for appropriation in the Construction Excise Tax Fund in the Fiscal Year 2013-2014 monies in excess of those heretofore appropriated there from, said excess being at least \$494,000.


JENNIFER A. MAGUIRE
Budget Director

For questions please contact Lily Lim-Tsao, Division Manager of Transportation Operations, at (408) 975-3269.



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Alex Gurza

SUBJECT: Second Amendment to Renne
Sloan Holtzman & Sakai, LLP
Labor Consulting Services Agreement

DATE: June 4, 2013

Approved

Date

6/4/13

RECOMMENDATION

It is recommended that the City Council:

1. Approve the second amendment to the Agreement with Renne Sloan Holtzman & Sakai, LLP, for labor consulting services in connection with labor matters, increasing compensation by \$650,000, not to exceed \$1,300,000, subject to the appropriation of funds.

OUTCOME

Execution of the second amendment to the agreement with Renne Sloan Holtzman & Sakai, LLP, will allow the City Manager's Office to amend the existing agreement for continued labor consulting services, including assistance in developing labor negotiation strategies and providing assistance with other labor relations matters.

BACKGROUND

The City Council in May 2011, approved a Fiscal Reform Plan to achieve savings and/or new revenues to eliminate the General Fund structural deficit, restore services to the January 1, 2011 level, and to open facilities built or under construction within five years. Significant labor relations consulting services are required to support the implementation of the City's Fiscal Reform Plan including, but not limited to, matters related to the pension ballot measure, arbitration matters, and labor negotiations.

On April 5, 2011, the City Manager executed an agreement with the law firm Renne Sloan Holtzman & Sakai, LLP for a term ending December 31, 2012, in a total amount not to exceed \$250,000, to provide labor consulting services for labor relations matters. The scope of services includes, but is not limited to, the developing of labor negotiating strategies for successor

June 4, 2013

Subject: Second Amendment to Renne Sloan Holtzman & Sakai, LLP Labor Consulting Services Agreement

Page 2 of 4

Memoranda of Agreements (MOAs) and the inclusion of the consultant as a member of the City's negotiating team and possible assignment as a lead negotiator.

On December 21, 2012, the City Manager executed a first amendment with the law firm Renne Sloan Holtzman & Sakai, LLP to increase the amount of total compensation by \$400,000 and extending the term to end on December 31, 2014.

ANALYSIS

Renne Sloan Holtzman & Sakai, LLP has extensive experience with police and fire labor negotiations, public sector labor law, and interest arbitration proceedings. The firm has provided negotiation and legal services to the City since approximately January 2005.

Renne Sloan Holtzman & Sakai, LLP is currently providing labor consulting services to the City and has assisted with the continued implementation of the Fiscal Reform Plan. The City anticipates the need for labor consulting services to assist with arbitration matters and other Fiscal Reform Plan items. Based on past and recent arbitration cost experiences, it is anticipated that Renne Sloan Holtzman & Sakai, LLP's cost for supporting potential arbitration proceedings regarding the second tier retirement benefits with the International Association of Fire Fighters, Local 230, will be significant.

Renne Sloan Holtzman & Sakai, LLP is also assisting in current labor negotiations with the Association of Legal Professionals, a bargaining unit mainly comprised of attorneys in the City Attorney's Office. In addition, the City is currently in negotiations with the bargaining units over successor memoranda of agreement and there are not sufficient resources within the Office of Employee Relations to manage all of these negotiations. Assistance from Renne Sloan Holtzman & Sakai, LLP will be necessary to assist in handling these negotiations. In addition, it is anticipated that Renne Sloan Holtzman & Sakai, LLP's cost for supporting potential arbitration proceedings with the International Association of Fire Fighters, Local 230 over memorandum of agreement negotiations and the completion of the negotiations and arbitration process with the Police Officers' Association will also be significant.

Renne Sloan Holtzman & Sakai, LLP's continued participation, specialized services, and experience are essential for continuity and successful completion of these pending labor relations matters, upcoming labor negotiations, and arbitration matters.

EVALUATION AND FOLLOW-UP

There is no anticipated Council follow-up at this time.

June 4, 2013

Subject: Second Amendment to Renne Sloan Holtzman & Sakai, LLP Labor Consulting Services Agreement

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PUBLIC OUTREACH/INTEREST



Criterion 1: Requires Council action on the use of public funds equal to \$1 million or greater. (Required: Website Posting)



Criterion 2: Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. (Required: E-mail and Website Posting)



Criterion 3: Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. (Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the Budget Office.

COST SUMMARY/IMPLICATIONS

Additional funding of \$400,000 is recommended to be added to this appropriation in the 2012-2013 Year End Budget Adjustments memorandum to be considered by the City Council on June 18, 2013. This recommended increase combined with available funding in the current appropriation would provide sufficient funding for the recommended \$650,000 increase to this contract.

1. Amount of Recommendation for increased Renne Sloan Holtzman & Sakai LLP

Contract: **\$650,000**

Original Agreement – May, 2011	\$250,000
First Amendment – November, 27, 2012	\$400,000
Proposed Second Amendment – June, 2013	<u>\$650,000</u>
TOTAL	\$1.3 million

2. Source of Funding: General Fund – Labor/Employee Relations Consultant Funding City-wide expenditure appropriation (\$650,000).

HONORABLE MAYOR AND CITY COUNCIL

June 4, 2013

Subject: Second Amendment to Renne Sloan Holtzman & Sakai, LLP Labor Consulting Services Agreement

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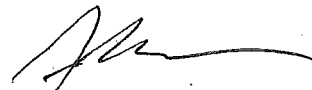
BUDGET REFERENCE

Fund #	Appn #	Appn. Name	Total Appn*	Contract Amount	2012-2013 Adopted Budget (Page)	Last Budget Action (Date, Ord. No.)
001	3769	Labor/Employee Relations Consultant Funding	\$666,000	\$650,000	IX - 27	12/04/2012, 29185

* A recommended increase of \$400,000 is included in the 2012-2013 Year End Budget Adjustments memo to be considered by the City Council June 18, 2013. This figure would be revised to \$1,066,000 should that action be approved.

CEQA

Not a project; File No. PP10-066(e), Services that involve no physical changes to the environment.



Alex Gurza
Deputy City Manager

For questions please contact Alex Gurza, Deputy City Manager, at (408) 535-8155.



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Debra Figone

SUBJECT: SEE BELOW

DATE: June 4, 2013

**SUBJECT: COMPENSATION AND BENEFIT CHANGES FOR EXECUTIVE
MANAGEMENT AND PROFESSIONAL EMPLOYEES IN UNIT 99 AND
OTHER UNREPRESENTED EMPLOYEES (Units 81/82)**

RECOMMENDATION

Adoption of a resolution approving compensation and benefit changes for executive management and professional employees in Unit 99 and other unrepresented employees (Units 81/82), effective June 23, 2013.

OUTCOME

Adoption of the resolution and authorization to approve compensation and benefit changes for executive management and professional employees in Unit 99 and other unrepresented employees (Units 81/82), effective June 23, 2013.

BACKGROUND

Executive Management and Professional Employees (Unit 99) consists of approximately 238 FTEs, including Senior Staff, Executive Staff, senior managers under the City Manager's Appointing Authority, Council Office staff, senior managers under the appointing authority of the City Attorney, and professional or management employees under the appointing authority City Auditor and Independent Police Auditor. In addition, there are employees in Unit 99 who work in the City Clerk's Office.

Unit 82 does not currently have any classifications assigned to it. Unit 81 includes part-time unbenefitted employees, such as Lifeguards and Student Interns.

Employees in Unit 99 are salaried employees and therefore, do not receive overtime. In addition, they are not on salary steps and progress through the salary range based on increases tied to performance only.

Employees in Unit 81 are on 2.5% salary steps and receive automatic step increases.

June 4, 2013

Subject: Approval of Changes to Compensation and Benefits for Unit 99 and Other Unrepresented Employees

Page 2 of 4

As indicated previously, it is our goal to eventually give back the 10% total compensation reduction that all City employees took. However, we cannot accomplish this all at once recognizing our fiscal instability and the priority to restore services at the same time. To that end, built into the 2014-2018 General Fund Forecast for 2013-2014 was a small set-aside for potential limited salary adjustments in the form of an Employee Compensation Planning Reserve (\$11.1 million). The primary reason the City was able to factor in the Employee Compensation Planning Reserve is that some elements of the Fiscal Reform Plan (approximately \$20 million in General Fund savings) has been implemented and included as part of the development of the City's 2013-2014 budget. It is important to note that this \$20 million in savings is currently the subject of litigation and it is possible that the savings could not be realized all or in part.

The recommended compensation changes for Executive Management (Unit 99) and unrepresented employees are consistent with the goal to provide modest wage increases and are consistent with the proposals made to the non-sworn bargaining units. We have not yet reached an agreement with any of those bargaining units. In order to have an increase effective June 23, 2013, the last council meeting to approve this is the June 18, 2013, council meeting, which is why Unit 99 and Units 81/82 is being brought forward at this time. The recommended changes to wages for employees in Unit 99 and Units 81/82 are a 2% general wage increase effective June 23, 2013.

It is important to note that the City's goal as outlined in the City's Fiscal Reform Plan is to eventually move away from general wage increases where there is no consideration for performance to increases based on performance only. However, given that the 10% total compensation reduction affected all City employees, we are recommending at this time a general wage increase. Unit 99 employees will also be eligible for a performance based increase as part of the Management Pay for Performance Program (MPP). This has been budgeted in the Fiscal Year 2013-2014 budget for all employees in the MPP program, including for employees represented by the Association of Management Personnel (AMSP, IFPTE Local 21), City Association of Management Personnel (CAMP, IFPTE Local 21) and the Association of Engineers and Architects (AEA, IFPTE Local 21). Employees who are not part of the MPP program will continue to receive automatic step increases unless otherwise modified through the negotiation process.

In addition, this memorandum recommends changes to sick leave payout, also consistent with proposals made to other bargaining units. Sick leave payout has already been eliminated for new employees in these units hired on or after September 30, 2012. The recommendation for employees hired before September 30, 2012, is to freeze the sick leave hours and hourly rate at which those hours are paid out at as of June 23, 2013.

ANALYSIS

The following is a summary of the compensation and benefit changes for executive management and professional employees in Unit 99 and other unrepresented employees that are recommended to be implemented upon approval by the City Council:

Base Pay Increase Effective June 23, 2013, employees in Unit 99 and Units 81/82 will receive a 2% general wage increase. This will increase the top and bottom of the salary range by 2%.

June 4, 2013

Subject: Approval of Changes to Compensation and Benefits for Unit 99 and Other Unrepresented Employees

Page 3 of 4

Sick Leave Payout Effective June 23, 2013, employees who were hired on or before September 29, 2012, will have their sick leave hours eligible for payout frozen at the number hours and hourly rate as of June 22, 2013. Sick leave hours earned on after June 23, 2013 will not be eligible for any sick leave payout. Employees will only be eligible for a maximum payout of 1200 hours.

The issue of which balance sick leave hours used on or after June 23, 2013, will come from is still being reviewed and a supplemental memo will be issued shortly with the recommendation on this issue.

EVALUATION AND FOLLOW-UP

None.

PUBLIC OUTREACH/INTEREST

- ☒ **Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- ☐ **Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item meets Criterion 1. This memorandum will be posted on the City's website for the June 18, 2013, Council Agenda.

COORDINATION

This memorandum was coordinated with the City Attorney's Office, the City Manager's Budget Office and the City Manager's Office of Employee Relations. In addition, the recommendations have been coordinated with the Council Appointees and discussed with the members of Unit 99.

COST IMPLICATIONS

The total cost of the 2% general wage increase is approximately \$905,000 in all funds, of which \$590,000 is in the General Fund. This funding is contained in Employee Compensation

HONORABLE MAYOR AND CITY COUNCIL

June 4, 2013

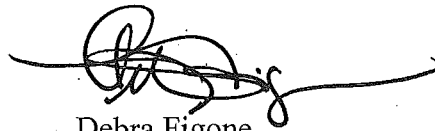
Subject: Approval of Changes to Compensation and Benefits for Unit 99 and Other Unrepresented Employees

Page 4 of 4

Planning Reserves in the General Fund and all other special funds, as appropriate, as part of the 2013-2014 City Manager's Proposed Operating Budget. Upon City Council approval of this memorandum, funds will be reallocated from the Employee Compensation Planning Reserve to individual department personal services budgets as part of the 2012-2013 Annual Report document that will be released at the end of September and considered by the City Council in October.

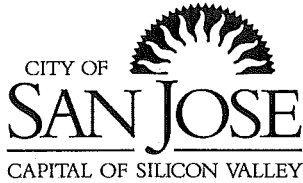
CEQA

Not a Project, File No. PP10-069 (b), Personnel Related Decisions.

A handwritten signature in black ink, appearing to read 'Debra Figone', with a long horizontal flourish extending to the right.

Debra Figone
City Manager

For questions please contact Alex Gurza, Deputy City Manager, at (408) 535-8150.



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Julia H. Cooper
Jennifer A. Maguire

SUBJECT: CITY OF SAN JOSE
2013 TAX AND REVENUE
ANTICIPATION NOTE

DATE: May 28, 2013

Approved

Date

6/4/13

RECOMMENDATION

It is recommended that the City Council:

a. Adopt a resolution:

1. Authorizing the issuance and sale of the City of San José 2013 Tax and Revenue Anticipation Note (the "2013 Note") in the not to exceed principal amount of \$100,000,000 to be sold through a private placement; and
2. Approving, in substantially final form, the Note Purchase Agreement and authorizing the Director of Finance or other authorized officers to execute the Note Purchase Agreement and other related documents, as necessary, in connection with the issuance of the 2013 Note and authorizing other related actions in connection therewith.

b. Adopt the following Appropriation Ordinance and Funding Sources Resolution amendments in the General Fund for 2013-2014:

1. Increase the estimate for Other Revenue in the amount of \$100,000,000; and
2. Increase the City-Wide expenses to the Finance Department for TRANs Debt Service by the amount of \$100,000,000.

OUTCOME

Approval of the recommendations will result in the issuance and sale of the City of San José 2013 Tax and Revenue Anticipation Note ("2013 Note"). Based on historical cash balances, specifically those balances in the General Fund, and information contained within the 2013-2014

Proposed Operating Budget (the “Proposed Budget”), the proceeds of the 2013 Note will provide necessary funds for cash flow purposes. In particular, this cash flow borrowing will facilitate the annual prefunding of employer retirement contributions for pension and retiree health benefits across all funds.

BACKGROUND

During the development of the *General Fund Structural Deficit Elimination Plan* in 2008, a set of strategies was developed. One of the strategies approved by the City Council on May 16, 2008 was to “utilize financial strategies that have positive net present value,” which included annually prefunding the City’s portion of retirement contributions. Prior to 2008-2009, the Federated City Employees’ Retirement System and the Police and Fire Retirement Plan (collectively, the “Retirement Plans”) required the City make biweekly contributions to the Retirement Plans in conjunction with each payroll distribution. These biweekly contributions were calculated based on actual payroll amounts and the contribution rate approved by the Retirement Plan Boards based on biennial actuarial studies.

The *2008-2009 Proposed Operating Budget* included a proposal to recognize ongoing budgetary savings that would result from the prepayment of employer retirement contributions for the Retirement Plans. On June 17, 2008, the City Council approved changes to the San José Municipal Code, and on August 1, 2008, the City made its first prefunding of employer retirement contributions, which included only pension contributions. In 2009-2010, the City again prefunded employer retirement contributions, but included contributions for both pension as well as retiree health benefits.

To prefund the pension and retiree employer contributions, a \$75 million tax and revenue anticipation note borrowing in 2010-2011, a \$100 million borrowing in 2011-2012, and another \$100 million borrowing in 2012-2013 were necessary given insufficient funds on a cash flow basis to make the payment without causing a negative cash balance in the General Fund’s portion of the City’s Investment Pool. Annually, staff evaluates the budgetary benefit of both issuance of the tax and revenue anticipation notes (“TRANS”) and prefunding of the City’s retirement contributions. Since 2008-2009, the analysis has demonstrated that prefunding continues to provide significant budgetary savings each year to the City. Based on the 2013-2014 February Forecast Base Budget, the prepayment savings are estimated at \$9.0 million in all funds and \$6.8 million in the General Fund after adjusting for estimated costs of \$632,000 as outlined in this memorandum. In addition, the City’s retirement actuary, Cheiron, confirmed the value of prefunding and its potential benefits for the pension plans in its October 2012 response to the Impact Analysis of Prefunding to the San José Federated Retirement Board and OPEB Plans.

ANALYSIS

Several large General Fund tax revenues are received in an uneven manner based on predetermined schedules, seasonality, and other economic factors. For example, Property Tax

Receipts, the largest General Fund revenue source, are received primarily in January and June based on a schedule set forth by the Santa Clara County Controller-Treasurer's Office. Sales Tax Receipts are received on a monthly basis and vary based on seasonal factors such as the holiday sales. In addition, in January and April, the City receives Sales and Use Tax Compensation Fund allocations (the so-called "Triple Flip" true-up revenues) as distributed by the State.

In contrast, expenditures in the General Fund are relatively level throughout the fiscal year. This is largely the result of the personal services expenditures accounting for approximately two-thirds of General Fund expenditures. These expenditures occur biweekly through payroll disbursements. Months with somewhat higher expenditures occur when there are three payroll disbursements or large one-time transfers (such as debt service), but these months are infrequent and the expenditures are generally predictable based on historical patterns.

The result of this timing mismatch between General Fund revenues and expenditures is large net cash outflows (expenditures exceed revenue received) in the first seven months of the fiscal year and large net cash inflows (revenues received exceed the amount of expenditures) in January, April, and June. To analyze the impact on the General Fund's cash position of the annual prefunding of employer retirement contributions, Finance staff prepared a projection of General Fund cash flows for 2013-2014. Based on this projection, after the payment for the prefunding is made in July 2013, the General Fund cash balance will become negative at several points in time during the first half of 2013-2014. To avoid a negative cash balance, staff recommends the issuance of the 2013 Note.

Plan of Finance

In anticipation of this short-term borrowing, the City, through a competitive process, solicited qualified financial institutions to serve as private placement purchaser for the proposed 2013 Note. The City received seven responses from which Bank of America, N.A. (the "Bank") was selected. The Bank was selected because it proposed the most favorable borrowing cost and agreed to terms and conditions in substantially the same form of note used in prior years. In a private placement, the City agrees to sell the 2013 Note directly to the Bank. A public offering document is not prepared, the Bank cannot publicly trade the 2013 Note, and ratings are not requested.

Description of the 2013 Note

This transaction is structured such that the Bank will purchase up to \$100 million in principal amount with a stated maturity date of June 30, 2014 (the "Maturity Date"). The full amount of \$100 million is currently anticipated to be purchased by the Bank in a single note on the closing date of the financing scheduled for July 1, 2013. Prepayment of the 2013 Note in whole or in part may be made at the City's option, with written notice to the Bank of at least three (3) business days prior to such prepayment date. Partial prepayment of principal cannot be less than \$5.0 million and must be in \$1.0 million increments in excess thereof.

The outstanding amounts on the 2013 Note will bear interest at a variable rate based on a LIBOR rate effective for any given interest period ("Interest Rate"), plus a margin of 0.35% for Bank fees (the "Applicable Margin"). The Interest Rate shall be the effective LIBOR rate as published two (2) London Banking Days prior to the commencement of such interest period. After the Bank's purchase of the 2013 Note on July 1, 2013, the Interest Rate will initially be based on the daily LIBOR rate plus the Applicable Margin and will then be automatically converted to a fixed rate based on the 30-day LIBOR rate plus the Applicable Margin, until the earlier of the Maturity Date or the date the 2013 Note is paid in full. The City will also have the option to convert the interest rate from the 30-day LIBOR rate to a daily LIBOR rate.

The 2013 Note is anticipated to be borrowed with an estimated interest expense of \$550,000 as well as costs associated with the financing of approximately \$82,000, resulting in a total projected cost of borrowing at \$632,000. The Proposed Budget assumed the issuance and borrowing costs for the TRANS to total \$1.032 million based on the best available information at the time regarding cash flow and the interest rates. The current projected interest and borrowing costs have decreased by \$400,000.

The decrease in borrowing costs from what is included in the Proposed Budget is primarily attributable to the following three reasons: 1) the total amount of funds needed decreased by \$25 million, from \$125 million to \$100 million; 2) the interest rate obtained was lower than anticipated (1.10% projected versus 0.70% actual); and, 3) a new repayment structure will allow the City to pay down principal throughout the fiscal year, further reducing borrowing costs. The amount to be borrowed assumed several assumptions about General Fund revenues that have improved since the original projections were made. Property Tax receipts are higher than originally forecasted for 2013-2014, and permitting activity and related fees are expected to increase due to stronger development activity.

Security for repayment of the 2013 Note is a pledge of the City's 2013-2014 secured property tax revenues (excluding property taxes levied for general obligation bonds) and all other legally available General Fund revenues of the City, if required. The 2013 Note will have a stated maturity of June 30, 2014, but as noted above, can be prepaid at the City's option.

Note Purchase Agreement

To proceed with the issuance of the 2013 Note, the City Council must adopt the resolution described below. As referenced in the proposed resolution, staff recommends that the Director of Finance or the Assistant Director of Finance be authorized to execute and deliver the 2013 Note and that the Director of Finance, the Assistant Director of Finance or their authorized designees be authorized to enter into and deliver the Note Purchase Agreement also described below. These documents, in substantially final form, will be available for review on the City Clerk's website on or about June 6, 2013.

This agreement (the "Purchase Agreement") is between the City and the Bank. The Purchase Agreement sets forth requirements under which the Bank will purchase the 2013 Note,

establishes the interest rate mechanism, outlines repayment terms, contains representations and warranties of the City and the Bank, and specifies conditions precedent to the Bank entering into the Purchase Agreement.

Consistent with other agreements that the City has entered into with various banks, the Purchase Agreement provides that both parties waive their respective right to a jury trial in the event of a dispute. Additionally, the City waives any right to consequential damages in the event of the Bank's breach and the City agrees, to the extent permitted by law, to indemnify and defend the Bank against all liabilities arising out of the Purchase Agreement, except for liability arising from the Bank's gross negligence or willful misconduct. As is the case with a number of the City's agreements with banks, the law governing interpretation of the Purchase Agreement is New York law and the law governing the City's duties and obligations under the Purchase Agreement and the 2013 Note is California law.

Finance Team Participants

The financing team participants consist of:

- | | |
|-----------------------------|------------------------------------|
| • City's Financial Advisor: | Public Resources Advisory Group |
| • Bond Counsel: | Orrick, Herrington & Sutcliffe LLP |
| • 2013 Note Purchaser: | Bank of America, N.A. |
| • Bank Counsel: | McGuire Woods LLP |

Public Resources Advisory Group was selected as the Financial Advisor from the Financial Advisory Pool.¹ Orrick, Herrington & Sutcliffe LLP was selected as the Bond Counsel through a competitive process. Bank of America, N.A. was selected to be the 2013 Note Purchaser through the competitive process as described above.

Financing Schedule

The current proposed schedule is as follows:

- | | |
|---|---------------|
| • City Council approval of 2013 Note financing documents: | June 18, 2013 |
| • 2013 Note closing: | July 1, 2013 |

EVALUATION AND FOLLOW-UP

This memorandum presents the set of recommendations related to the City Council's approval of the issuance of the 2013 Note and requires no follow-up to the City Council.

¹ General Financial Advisors were selected and Financial Advisory Pools were established in June 2012 through a Request for Proposals process.

PUBLIC OUTREACH/INTEREST

- ☒ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This memorandum will be posted on the City's website for the June 18, 2013 City Council meeting.

COORDINATION

This report was prepared by the Finance Department in coordination with the City Attorney's Office, and the financing team participants.

FISCAL/POLICY ALIGNMENT

The proposed financing plan is consistent with the City's Debt Management Policy, which establishes the following equally important objectives in order to obtain cost-effective access to the capital markets:

- Minimize debt service and issuance costs;
- Maintain access to cost-effective borrowing;
- Achieve the highest practical credit rating;
- Full and timely repayment of debt;
- Maintain full and complete financial disclosure and reporting; and
- Ensure compliance with applicable State and Federal laws.

COST SUMMARY/IMPLICATIONS

Debt service and costs of issuance are conservatively estimated at \$632,000 for the 2013 Note reflecting costs for debt service interest, bond counsel, bank counsel, and financial advisor. The Proposed Budget currently includes an estimated cost of \$1,032,000 for these expenses. This decrease is primarily due to reasons previously outlined in the ANALYSIS section of this memorandum. A recommended budget reduction of \$400,000 will be included in the Recommended Amendments to the 2013-2014 Proposed Budget Manager's Budget Addendum

HONORABLE MAYOR AND CITY COUNCIL

May 28, 2013

Subject: City of San José 2013 Tax and Revenue Anticipation Note

Page 7

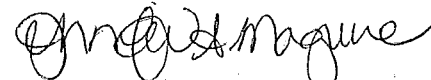
(MBA #23) that the City Council will consider as part of the 2013-2014 Mayor's June Budget Message on June 11, 2013 to reflect this net decrease in projected costs. If the actual interest costs on the 2013 Note are higher than estimated above, funding for additional debt service costs will be required to be budgeted during 2013-2014.

As the issuance of the 2013 Note ensures sufficient cash balances to prefund the City's retirement contributions across all funds, costs associated with this issuance will be apportioned as appropriate at a future date.

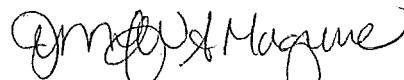
CEQA

Not a project, File No. PP10-069(a), City Organizational & Administrative Activities.


JULIA H. COOPER
Director of Finance


JENNIFER A. MAGUIRE
Budget Director

I hereby certify that there will be available for appropriation in the General Fund in the 2013-2014, monies in excess of those heretofore appropriated there from, said excess being at least \$100,000,000.


JENNIFER A. MAGUIRE
Budget Director

For questions please contact Julia H. Cooper, Director of Finance, at (408) 535-7011.

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Julie Edmonds-Mares

**SUBJECT: PARKS, RECREATION AND
NEIGHBORHOOD SERVICES
2013-2014 AGREEMENTS**

DATE: May 28, 2013

Approved

Date



5/31/13

RECOMMENDATION

Adopt a resolution authorizing the following, subject to the appropriation of funds by the City Council, and on such terms and conditions as deemed appropriate by the City Manager to:

- (a) Authorize the City Manager to negotiate and execute all agreements, amendments and extensions for the Department of Parks, Recreation and Neighborhood Services (PRNS) identified in the "Compensation Paid by the City of San José" (Attachment A) consistent with the 2013-2014 Budget;
- (b) Authorize the City Manager to negotiate and execute agreements and amendments to accept grant funds identified in the "Compensation Paid to the City of San José" (Attachment B);
- (c) Authorize the City Manager to negotiate and execute a master agreement, amendments, and/or extensions related to Mitigation and Monitoring Consulting Services with H.T. Harvey and Associates. The total amount of the master agreement may not exceed \$2,000,000 over 10 years:
 - (1) Approval is also requested to authorize the PRNS Director to negotiate and execute related annual service orders not to exceed amount consistent with the annual Adopted Budget.
- (d) Authorize the Director of Parks, Recreation and Neighborhood Services to apply for, accept, negotiate and execute 2013-2014 Revenue agreements and amendments with potential sponsors, grantors, and contributors that require no matching City funds;
- (e) Authorize the Director of Parks, Recreation and Neighborhood Services to apply for, accept, negotiate and execute 2013-2014 agreements and amendments as identified in "Delegation on Contract Authority to PRNS Director" (Attachment C) consistent with Adopted Budget amounts for the following City programs:

- (1) Bringing Everyone's Strengths Together (BEST);
- (2) Community Center Reuse (Reuse);
- (3) Evaluation Consultant Agreement(s) to assess PRNS programs/services;
- (4) Leisure Class Vendor Agreements;
- (5) Mayor's Gang Prevention Task Force (MGPTF) Grant Revenue and related sub-contractor Agreements where applicable;
- (6) Mayor's Gang Prevention Task Force Memorandums of Understanding (MGPTF MOU);
- (7) Safe Summer Initiative Grant (SSIG);
- (8) Santa Clara County Health Authority dba Santa Clara Family Health Plan for the Children's Health Initiative;
- (9) School-Aged Recreation Programs including:
 - (a) Recreation of City Kids (ROCK);
 - (b) After School Education and Safety (ASES);
 - (c) Camp San José; and
 - (d) Sports leagues for Teens;
- (10) Senior Education and Outreach Grant; and
- (11) Senior Health and Wellness Grant.

OUTCOME

By delegating to the City Manager and PRNS Director the authority to apply for, negotiate and execute these agreements, the transactional time of making funding available to recipients and for the City to receive grant funds or other created revenue will be improved.

BACKGROUND

The City contracts with community-based organizations, school districts, and other agencies to support various programs that support the livability of neighborhoods, offer opportunities for individuals to enjoy life, and strengthen communities of people within San José.

In response to the City Council's request to quicken the City's administrative pace of doing business, including contract development, PRNS prepares this Council memorandum annually to seek authorization to apply for, negotiate and execute agreements.

ANALYSIS

Delegation of Contract Authority to the City Manager

PRNS is seeking authority for the City Manager or their designee to apply for, negotiate and execute agreements, amendments and/or extensions covered in this memorandum. In a number of occurrences, the contract amount to be paid or received by the City exceeds the City

Manager's contract authority. By delegating this authority to the City Manager, the administrative process of making funding available to recipients will be improved. Additionally, efficiency gains for the entire organization will be achieved as City Council and administrative staff time generally dedicated to preparing and reviewing individual memos for these agreements will be significantly reduced. The City Manager or designee may only exercise such amendment or extension authority if the contract, as amended, is consistent with the 2013-2014 Budget and further provided that City Council has taken all appropriation actions necessary to fulfill the terms of the amendment or extension.

The proposed agreements (Attachment A) and compensation to be received by the City (Attachment B) for 2013-2014 are contingent on the adoption of the 2013-2014 Operating and Capital Budgets. In the event the amounts specified for these contracts are modified, the contracts shall reflect the amounts approved.

In addition, the City Manager shall have the authority to accept any funds exceeding the figures identified in Attachment B for the specified programs and purposes identified as "Compensation Paid to the City" provided that the City Manager determines that the City is able to provide the services and comply with any additional requirements associated with the increased grant funds. The City Manager shall also bring forward for Council approval any required budgetary adjustments and appropriation actions necessary for such programs.

Delegation of Contract Authority to the City Manager for Agreement with H.T. Harvey and Associates

PRNS staff is requesting approval for the City Manager to negotiate and execute a master agreement, not to exceed \$2M over 10 years, amendments, and/or extensions, related to Mitigation and Monitoring Consulting Services. Annual allocation of approximately \$200,000 will be included in the Proposed Capital Budget for each of the period of the agreement. Approval is also requested to authorize the PRNS Director to negotiate and execute related annual service orders consistent with each year's allocation. The total amount of the service order will not exceed the total amount of the master agreement. A Request for Proposals (RFP) for Mitigation and Monitoring Consulting Services was posted on the City's Internet site from December 21, 2012 to February 8, 2013. The purpose of this RFP was to solicit potential consultants for a ten year term master agreement for Mitigation Monitoring, Maintenance and Reporting for Park and Trails projects. A total of four proposal packages were received. The proposal packages of four firms were reviewed and rated by staff. All four packages reviewed by staff received a score of between 71 and 78 out of 100 possible points and were invited to an interview held on April 22, 2013. Interview panel consisted of members from the Department of Public Works and of Planning, Building and Code Enforcement. Final scores and rating identified the highest scorers as H.T. Harvey and Associates. A Notice of Intended Award was released on April 26, 2013 with an appeals/protest period from April 27-May 06, 2013. There were no appeals or protest during this time.

Delegation of Contract Authority to the PRNS Director for Revenue Agreements

PRNS is seeking authority for the Director of PRNS to apply for, accept, negotiate and enter into agreements up to a per agreement value of two hundred and fifty thousand dollars (\$250,000) for grant or other created revenue opportunities. PRNS is in the process of developing a sponsorship plan and strategies to generate revenue. These service agreements will require no matching funds and be limited to non construction agreements, community service agreements, sponsorships for marketing or advertising and special projects such as the Bay Area Revenue Management School. This delegation of authority will optimize the administrative process to receive revenue contributions

Delegation of Contract Authority to the PRNS Director (Attachment C)

PRNS will coordinate fully with City Attorney's Office and City Manager's Office in developing and approving the following agreements:

GRANTS: PRNS is seeking contract authority for the Director of PRNS to negotiate and execute contracts and amendments consistent with the 2013-2014 Budget for the following grant programs: San José BEST, SSIG for the 2014 summer, and Senior Health and Wellness grants. This authority will apply to any grant amendments related to these programs subject to the 2013-2014 Budget and with the stipulation that the City Council has taken all appropriation actions necessary to execute the terms of the agreements.

Additionally, authority is requested for the PRNS Director to negotiate and execute a grant agreement with the Santa Clara Family Health Plan for the Children's Health Initiative in an amount not to exceed \$1.1 million and consistent with the 2013-2014 budget amount.

MGPTF: PRNS is seeking contract authority for the Director of PRNS to negotiate and execute the MGPTF Memorandums of Understanding and Evaluation Consultant Agreements. Authority is also requested for the Director of PRNS to apply for, accept, negotiate and execute Grant Revenue agreements and negotiate and execute sub-contractor agreements for the MGPTF when applicable. As one of the strategic goals of MGPTF Strategic Work Plan, the MGPTF has assumed an aggressive fund development campaign soliciting financial support from both public and private organizations. Receiving this authority enables the MGPTF to compete for external funds more quickly as internal administrative processes have been streamlined to better position the City to meet external funding opportunity deadlines and process demands.

FACILITY USE: PRNS is seeking contract authority for the Director of PRNS to negotiate and execute Community Center Reuse agreements with service providers and Facility Use agreements with school districts to offer the City's Recreation of City Kids (ROCK) program.

SERVICES: PRNS is seeking contract authority for the Director of PRNS to negotiate and execute agreements for its After School Education and Safety (ASES) program and Leisure Class Program. ASES is a program funded by the state's After School and Safety Education

Grant that is awarded to school districts to provide comprehensive after school programming. Leisure class vendors provide fee based recreation leisure classes at City's community centers and are selected through a Request for Proposal (RFP) Process. It is anticipated that the department will initiate an RFP process in the summer of 2013. All vendor agreements are 100% supported by participant fees. Leisure Class Vendors play a significant role in PRNS' revenue generation efforts and it is critical that agreements are in place in a timely manner to meet the needs of Leisure Class Vendor class preparation and participant registration.

EVALUATION AND FOLLOW-UP

Requests within this memo support PRNS in achieving it's 40% cost recovery goal and ensure agreements are executed in a timely manner.

POLICY ALTERNATIVES

Alternative #1: Do not approve

Pros: None

Cons: Administrative time taken to negotiate and execute agreements will increase considerably. PRNS will be unable to negotiate and execute agreements in a timely manner such that funding is made available to recipients for timely delivery of services and for the City to apply for and receive grant funds or other created revenue as they become available.

Reason for not recommending: This alternative is not consistent with the PRNS department's goal of achieving a higher rate of cost recovery and of having agreements executed in a timely manner.

PUBLIC OUTREACH/INTEREST

- ✓ **Criteria 1:** Requires Council action on the use of public funds equal to \$1,000,000 or greater. **(Required: Website Posting)**
- ☐ **Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

While the majority of the contracts listed on Attachments A and C are below the \$1,000,000 threshold, there are three programs that meet Criteria 1. The BEST Program is primarily managed through the City's Web based platform known as WebGrants. The grant agreement

with the Santa Clara Family Health Plan for the Children's Health initiative is directed to a specific provider. The Mitigation and Monitoring Consulting services agreement is directed to H.T. Harvey and Associates procured through a Request for Proposals process.

Additionally, the grant agreement award to be received from the County of Santa Clara for the City's Senior Nutrition Program and subsequent agreement may exceed the \$1,000,000 threshold, by definition of Criteria 1, requires website posting. To meet this requirement, this Council memorandum will be posted to the City's Website for the June 18, 2013, City Council Meeting.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

COST SUMMARY/IMPLICATIONS

Funding for the agreements cited in Attachment A and for the County of Santa Clara Mental Health Services item on Attachment B, is included in the 2013-2014 Operating Budget. Funding for the agreement with H.T. Harvey is included in the 2013-2014 Capital Budget. As required for the other items on Attachment B, the City Manager shall also bring forward for Council approval any required budgetary adjustments and appropriation actions necessary for such programs.

CEQA

- H.T. Harvey and Associates, Exemption, File PP10-066(d) Consultant services for feasibility and planning studies;
- Revenue Agreements; File PP10-066(e) Services that involve no change to the environment.

Attachment A: Compensation Paid by the City of San José

- Compass Group dba Bateman Senior Meals, Not a Project, File PP10-066(e) Services that involve no change to the environment;
- Grace Baptist Church, Not a Project, File PP10-066(e) Lease of Existing Space;
- San José Conservation Corps, Not a Project File PP10-066(e) Services that involve no change to the environment.

May 28, 2013

Subject: Parks, Recreation and Neighborhood Services 2013-2014 Agreements

Page 7

Attachment B: Compensation Paid to the City of San José

- County of Santa Clara – Mental Health Services, Not a Project, File PP10-066(e) Services that involve no change to the environment;
- County of Santa Clara Agreement for Senior Nutrition Program, Not a Project, File PP10-066(e) Services that involve no change to the environment;
- Santa Clara Valley Water District, Not a Project, File PP10-0066(e) Services that involve no change to the environment.

Attachment C: Director of PRNS Delegated Authority

- Bringing Everyone's Strengths Together (BEST) grants, Not a Project, File PP10-066(e) Services that involve no change to the environment;
- Community Center Reuse, File PP10-066(e) Services that involve no change to the environment;
- Evaluation Consultant Agreement(s), File PP10-066(e) Services that involve no change to the environment;
- Leisure Class Vendor Agreements, Not a Project, File PP10-066(e) Services that involve no change to the environment;
- Mayor's Gang Prevention Task Force Grant Revenue, Not a Project, File PP10-066(e) Services that involve no change to the environment;
- Mayor's Gang Prevention Task Force Memorandum of Understanding, Not a Project, File PP10-066(e) Services that involve no change to the environment;
- Safe Summer Initiative Grants (SSIG), File PP10-066(e) Services that involve no change to the environment;
- Santa Clara County Health Authority dba Santa Clara Family Health Plan, Not a Project, File PP10-066(e) Services that involve no change to the environment;
- After School Education and Safety (ASES), File PP10-066(e) Services that involve no change to the environment;
- Senior Health and Wellness Grants, Not a Project, File PP10-066(e) Services that involve no change to the environment.

/s/

JULIE EDMONDS-MARES
Director of Parks, Recreation and
Neighborhood Services

For questions please contact Matt Cano, Deputy Director, at 408-535-3580.

Attachment A: Compensation Paid by the City of San José

Attachment B: Compensation Paid to the City of San José

Attachment C: Delegation of Contract Authority to PRNS Director

ATTACHMENT A

<u>Compensation Paid by the City of San José</u>		
AGREEMENT	<u>DESCRIPTION</u>	PROPOSED 2013-2014 BUDGET
Compass Group dba Bateman Senior Meals	Approval to execute an extension to the agreement for the delivery of meals for seniors at City's senior nutrition sites.	Up to \$1,450,000
Grace Baptist Church	City leases space from Grace Baptist Church providing a therapeutic recreation program for adults with mental disabilities with a one year extension option subject to annual appropriation of funds.	Up to \$138,000
San José Conservation Corps	Approval to execute an extension to the agreement to provide Basic Park Support Services such as litter removal, clearing of fire breaks, and other park maintenance activities.	Up to \$250,000

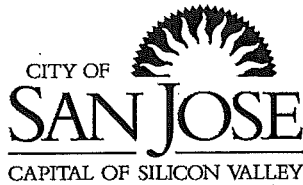
ATTACHMENT B

Compensation Paid to the City of San José		
AGREEMENT	DESCRIPTION	ANTICIPATED RECEIPTS FOR 2013- 2014
County of Santa Clara – Mental Health Services	Joint provision of mental health services at City's Grace Community Center.	Administration estimates receipt of up to \$364,681
County of Santa Clara Agreement for Senior Nutrition Program	Joint provision of a nutrition program for seniors.	Administration estimates receipt of up to \$904,562
Santa Clara Valley Water District	Joint agreement with City and Santa Clara Valley Water District to fund additional Park Ranger staff for the Homeless Encampment Program.	Administration estimates receipt of up to \$200,000

ATTACHMENT C

Delegation of Contract Authority to PRNS Director		
AGREEMENT	DESCRIPTION	PROPOSED 2013-2014 BUDGET/ADDITIONAL INFORMATION
BEST Grants	Grant agreements that support the efforts of the Mayor's Gang Prevention Task Force	Up to \$3,000,000
Community Center Reuse	Reuse agreements with service providers to deliver services in community center reuse facilities.	No monetary exchange.
Evaluation Consultant Agreement	Agreement with an Evaluation Consultant to assess BEST and MGPTF programs/services and provide assistance in the development of the MGPTF strategic plan.	Up to \$250,000
Leisure Class Vendor Agreements	Vendor agreements to provide recreation and leisure classes at San José Community Centers. Costs are 100% supported by participant fees.	Up to \$500,000 per agreement
Mayor's Gang Prevention Task Force Grant Revenue and related sub-contractor Agreements	Apply for, accept, negotiate and execute grant revenue and related sub-contractor agreements.	Approval to execute revenue and sub-contractor agreements up to \$500,000 per agreement.
Mayor's Gang Prevention Task Force Memorandum of Understanding	Memorandums of understanding for agency participation in MGPTF Technical Team meetings.	No monetary exchange.
Safe Summer Initiative Grants (2014)	Grant agreements that support summer activities and programming for youth.	Up to \$500,000
Santa Clara County Health Authority dba Santa Clara Family Health Plan	Grant agreement to support the Children's Health Initiative which provides health insurance to children whose families have income at or below 300% of the federal poverty level.	Approval to execute an agreement up to \$1,100,000

After School Education and Safety (ASES)	Grant revenue agreement to provide after school recreation programs.	Approval of revenue agreements up to \$700,000
Senior Health and Wellness Grants	Grant agreements to support senior wellness and transportation programming.	Up to \$600,000



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Hans F. Larsen

**SUBJECT: AUTHORIZATION TO AWARD
PAVEMENT MAINTENANCE
PROJECTS**

DATE: May 28, 2013

Approved

Date

6/4/13

RECOMMENDATION

- (a) Adopt a resolution relating to the award of two pavement maintenance construction contracts that:
 - (1) Authorizes the Director of Public Works to determine the lowest responsive and responsible bidder, and to award the construction contract for the 2013 Slurry Seal Project to slurry seal approximately 24 miles of arterial streets at various locations at an estimated cost of approximately \$1,226,000, in an amount not to exceed the funds appropriated for the project, and/or to reject all bids and re-bid the project;
 - (2) Authorizes the Director of Public Works to determine the lowest responsive and responsible bidder, and to award the construction contract for the 2013 Resurfacing Project to resurface approximately 5 miles of streets at various locations at a cost of approximately \$3,945,650, in an amount not to exceed the funds appropriated for the project, and/or to reject all bids and re-bid the project; and
 - (3) Authorizes the Director of Public Works to decide any timely bid protests, including issues of bidder responsiveness or responsibility, for both of the above construction contracts.
- (b) Approve a contingency equal to five percent of the base contract award amount for each of the construction contracts.

OUTCOME

The recommended actions will enable the City to help maintain and preserve approximately 29 miles of streets in the Priority Street Network approved by Council in March 2012. Approximately 24 miles of streets will receive a surface seal that will extend the usual life and defer more costly rehabilitation of the streets. Approximately 5 miles of streets will be resurfaced which will improve the structural integrity, appearance, and ride quality of the

street. Approval of a five percent contingency will provide funding for any unanticipated work necessary for the proper completion or construction of the project.

BACKGROUND

2013 Slurry Seal Project

The Department of Transportation (DOT) annually schedules streets to be surface sealed as a preventative maintenance measure to extend their useful life and reduce long-term maintenance costs to the City. The process of surface sealing streets is typically performed in two separate stages. The first stage prepares the streets for a final sealing application by removing structurally failed areas of pavement and replacing them with new asphalt concrete. The second stage applies a new surface seal over the entire street. Approximately 24 miles of streets will receive a surface seal this summer.

The first stage of sealing work will be performed as part of the 2013 Remove and Replace Pavement Project that is scheduled for City Council award on June 11, 2013. After the first preparation stage of the work is completed, the 2013 Slurry Seal Project will apply the final surface sealing treatment to the streets. A list of the streets to receive a surface sealing are listed in the attachment.

2013 Resurfacing and Rehabilitation Project

DOT regularly resurfaces streets to improve the structural integrity, appearance, and ride quality. Resurfacing of streets includes removal of the top layer of asphalt, fixing any underlying roadway damage, resurfacing the streets, and installing new roadway striping and markings. The 2013 Resurfacing Project will resurface approximately 5 miles of streets. The streets identified to be resurfaced as part of this project are included in the attachment.

Selection of Streets for Sealing and Resurfacing

Information provided by the City's computerized Pavement Management System is used to identify candidate streets for sealing and resurfacing. The final list of streets is established using the following criteria:

- Priority Network Streets
- Streets in suitable condition for sealing
- Streets not affected by current or future street related projects
- Relative location of street segments to create multiple, continuous segments, consistency within neighborhoods, and project efficiency
- Appropriate geographical distribution of street maintenance over a multiple year period

May 28, 2013

Subject: Authorization to Award Pavement Maintenance Projects

Page 3

The attachment to this memo contains the list of streets to be sealed and resurfaced. The list may be slightly altered as unforeseen circumstances arise or new information regarding other street-related projects becomes available.

ANALYSIS

Award of the 2013 Slurry Seal Project must occur in July 2013 in order to be able to complete the project by November 2013. Likewise, the 2013 Resurfacing Project needs to be awarded in July 2013 to be able to complete the project by November 2013. Both the sealing application and the street resurfacing treatments need to take place during the warmer summer and early fall months of the year. If they are applied later in the season during colder weather there is the potential for failures to occur on the newly treated streets.

In order to meet the deadlines described above, staff is recommending that the City Council delegate authority to the Director of Public Works to award the contracts. Delegation would include authority to make the City's final determination as to the lowest responsive and responsible bidder or to reject all bids and re-bid the project(s). The authority will also allow the Director of Public Works to decide any timely bid protests in accordance with the project specifications and any other applicable requirements. The decision of the Director of Public Works regarding any and all bid protests will be final.

Bid opening for the 2013 Slurry Seal Project is scheduled for May 30, 2013 and bid opening for the 2013 Resurfacing Project is scheduled for June 20, 2013. Construction for both projects is scheduled to begin in July 2013 and will be completed before the end of November 2013.

Council Policy provides for a standard contingency of five percent on pavement maintenance projects. The funds budgeted for this project are sufficient to provide for the recommended contingency.

EVALUATION AND FOLLOW-UP

The projects are currently within budget and on schedule with projected completion dates of November 2013. DOT provides regular reports to the City Council on project status and the overall condition of the street network.

PUBLIC OUTREACH/INTEREST



Criterion 1: Requires Council action on the use of public funds equal to \$1 million or greater; **(Required: Website Posting)**

May 28, 2013

Subject: Authorization to Award Pavement Maintenance Projects

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- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

To solicit contractors this project was listed on the City's Internet Bid Line and advertised in the *San José Post Record* and bid packages for this construction project were also provided to various contractor organizations and builders' exchanges. In addition, when the project commences, the contractor, as stated in the specifications, will provide advance notification regarding working hours, duration of project, and any appropriate schedule and lane closures to affected businesses and residents. To inform traveling motorists of upcoming construction activities and potential traffic delays, changeable message signs may be used on selected streets stating the schedule dates and time for work to occur on the street.

COORDINATION

The Departments of Public Works and Transportation coordinated this project, including specifications and bid documents, and this memo has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

FISCAL/POLICY ALIGNMENT

This project supports the Transportation and Aviation Services City Service Area goal to *Preserve and Improve Transportation Assets and Facilities*.

COST IMPLICATIONS

1. **COST OF PROJECT (2013 Slurry Seal Project):**

Project Delivery/Development	\$122,000
Construction Contract	\$1,226,000
Contingency	<u>\$61,000</u>

TOTAL PROJECT COSTS: **\$1,409,000**

May 28, 2013

Subject: Authorization to Award Pavement Maintenance Projects

Page 5

2. COST OF PROJECT (2013 Resurfacing Project):

Project Delivery/Development	\$343,100
Construction Contract	\$3,431,000
Contingency	<u>\$171,550</u>

TOTAL PROJECT COSTS:	\$3,945,650
-----------------------------	--------------------

4. SOURCE OF FUNDING: 465 – Construction Excise Tax Fund

5. FISCAL IMPACT: This project will have no net operating and maintenance costs to the General Fund.

BUDGET REFERENCE

The table below identifies the fund and appropriation proposed to fund the contract recommended as part of this memo, including project delivery, construction, and contingency costs.

Fund #	Appn #	RC #	Appn. Name	Total Appn	Estimated Amt. for Contract	2013-2014 Proposed Capital Budget Page
465	6123	TBD	Pavement Maintenance-City	\$5,000,000	\$1,226,000	V-765
465	7440	TBD	Pavement Maintenance-Measure B	\$5,400,000	\$3,431,000	V-767
Total Funding Available				\$10,400,000	\$4,657,000	

CEQA

Exempt, File No. PP11-035.

/s/

HANS F. LARSEN
Director of Transportation

For questions please contact Rene Cordero, Division Manager, at 794-1986.

Attachment

ATTACHMENT

2013 Slurry Seal Project

CD	STREET NAME	FROM	TO
8	ABORN RD	3365'E/RUBY AV	4545'E/RUBY AV
10	BLOSSOM HILL RD	SANTA TERESA BL	BLOSSOM AV
3,4	BROKAW RD	OLD BAYSHORE RD	OLD OAKLAND RD
3	COLEMAN AV	NEWHALL DR	CITY LIMIT
10	COLEMAN RD	CAMDEN AV	REDMOND AV
3,6	MONTGOMERY ST S	SANTA CLARA ST	SAN CARLOS ST
3	OLD OAKLAND RD	GISH RD	HWY 101
8	SAN FELIPE RD	KEATON LOOP	YERBA BUENA RD
1	SARATOGA AV	N LAWRENCE EXPY	S WILLIAMS RD
7	SENER RD	PARROTT ST	TULLY RD
7	STORY RD	REMILLARD CT	MCLAUGHLIN AV
5	STORY RD	CAPITOL EX	CLAYTON RD

2013 Resurfacing Project

CD	STREET NAME	FROM	TO
3	AUTUMN ST N	W ST JOHN ST	W JULIAN ST
1	BOLLINGER RD	195'E/WINDSOR AV	MILLER AV
3	KEYES ST	SENER RD	10TH ST
2	SANTA TERESA BL	SAN IGNACIO	BERNAL RD
7	SENER RD	BURKE ST	PARROTT ST
7	TULLY RD	650'W/10TH ST	SENER RD

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Hans F. Larsen

SUBJECT: SEE BELOW

DATE: May 28, 2013

Approved



Date

5/30/13

**SUBJECT: ONE BAY AREA GRANT (OBAG) AND VEHICLE EMISSIONS
REDUCTIONS BASED AT SCHOOLS (VERBS) GRANT APPLICATIONS**

RECOMMENDATION

Adopt a resolution authorizing the City Manager or designee to:

1. Submit the following grant applications in the amounts specified, to the Metropolitan Transportation Commission (MTC) for Surface Transportation Program and Congestion Mitigation and Air Quality (CMAQ) funds:

OBAG - Road Rehabilitation and Complete Streets "Guarantee" Program:

- a. \$11,531,000 for the San José Pavement Maintenance Program with a local match of \$1,572,000;
- b. \$1,150,000 for the San José Bikeways Program with a local match of \$157,000;
- c. \$1,150,000 for the San José Safe Routes to School Program with a local match of \$157,000;
- d. \$1,150,000 for the San José Smart Intersections Program with a local match of \$157,000;

OBAG - Complete Streets Competitive Program:

- e. \$2,000,000 for the East San José Bike/Pedestrian Transit Connection with a local match of \$532,000;
- f. \$1,185,000 for the St. John Complete Streets Corridor-HP Pavilion to St. James Light Rail with a local match of \$339,000;

- g. \$3,500,000 for The Alameda "Beautiful Way" Grand Boulevard Phase 2 with a local match of \$930,000;
- h. \$1,500,000 for the Almaden/Vine Livable Streets Couplet Conversion with a local match of \$315,000;
- i. \$1,500,000 for the Jackson Complete Streets Project with a local match of \$399,000;
- j. \$3,000,000 for the San José Priority Development Area (PDA) Pedestrian-Oriented Traffic Safety Signals with a local match of \$798,000;

VERBS Program:

- k. In the amount of \$1,000,000 for the SJ Walk n' Roll Phase II with a local match of \$130,000.
- 2. Commit the City to provide the required local match stated above and to pay for any additional cost to complete each of the projects; and
 - 3. Make the necessary assurances that each of the projects will be completed in compliance with the submitted applications, MTC's Regional Funding Delivery Policy, and the grant program requirements; and
 - 4. Accept grant funding from the MTC for each of the submitted applications and negotiate and execute any documents to accept the grant funds, including the authority to negotiate and execute any documents that increase the amount of the grant award or require an increase of local matching funds, subject to the appropriation of such funds.

OUTCOME

Adoption of the above resolution is required by MTC as part of the grant award process. These grant opportunities will provide \$34,152,000 in combined grant and local match funding for projects and programs that address key City priorities related to pavement maintenance; improvement, expansion and education related to the City's pedestrian and bicycle network; improved multimodal connectivity and traffic signal optimization.

BACKGROUND

MTC's OBAG Program is a new funding approach that better integrates the region's transportation funding program with Senate Bill 375. The OBAG program rewards jurisdictions that focus housing growth in Priority Development Areas (PDAs) through their planning and

zoning policies, and production of housing units. The OBAG program allows flexibility to invest in a community's transportation infrastructure by providing funding for Transportation for Livable Communities, bicycle and pedestrian improvements, local streets and roads preservation, and planning activities, while providing opportunities for Safe Routes to Schools (SRTS) projects and Priority Conservation Areas. Under MTC's funding structure, each county within the Bay Area received a share of the \$800 million in available OBAG funds. Santa Clara County's OBAG share is \$88.13 million. As the Congestion Management Agency for Santa Clara County, VTA is responsible for administering the OBAG Program.

The VTA Board of Directors adopted the process and criteria for Santa Clara County's share of OBAG funds on November 1, 2012. The program provides Federal grant funding to the cities, the County, and VTA through the *City Guarantee Program* and the *Countywide Competitive Complete Streets* program.

City Guarantee Program: This program provides each city and town in Santa Clara County with a formula share, based primarily on MTC's OBAG formula. The formula was adopted by the VTA Board of Directors on September 6, 2012. The cities and towns could choose any Surface Transportation Program or CMAQ eligible rehabilitation, or pedestrian/bicycle/signal system transportation capital project for their guarantee funds, regardless of location.

Countywide Competitive Complete Streets Program: This competitive program provides grants to projects in or serving designated PDA's. It is open to the cities, towns, the County and VTA to compete for grants that will fund pedestrian, bicycle, and signal systems projects designed to support dense development and use of alternate modes of transportation. The scoring criteria were approved by the VTA Board of Directors on November 1, 2012.

The VERBS program is Santa Clara County's locally programmed share of MTC's Climate Initiative SRTS Program, and was established by the VTA Board of Directors on September 2, 2010. The VERBS program provides Federal CMAQ grant funds to projects and programs that encourage parents, teachers and students to reduce auto emissions by walking, bicycling, skating, carpooling or taking transit to and from school. The VERBS program is focused on reducing green house gas emissions and expands on existing SRTS programs within Santa Clara County. A total of \$5,380,000 in funding was made available through the competitive VERBS 2013 call for projects. Submissions were scored and ranked by the Capital Improvement Program Working Group's Scoring Committee, using the scoring criteria established by the VTA Board of Directors.

ANALYSIS

The Department of Transportation (DOT) actively pursues grant funds for projects that support the goals of the Transportation and Aviation City Service Area. DOT recently submitted 17 applications for funding consideration under the OBAG Program and one grant for consideration under the VERBS program. Both programs are administered by VTA.

DOT has been notified that the 11 above listed projects and associated grant funding requests have been recommended for approval by the VTA Board of Directors at their June 6, 2013 meeting. A "Resolution of Local Support" is required by MTC for the projects, and must be submitted by July 31, 2013. A summary and description of each project is attached. The four projects within the OBAG City Guarantee Program were included in the 2013-2014 Proposed Capital Budget and 2014-2018 Capital Improvement Program. The five projects in the OBAG Competitive Program and the one project in the VERBS program were not included in the proposed budget documents; once individual project schedules are determined, the Administration will return to the City Council to recommend the inclusion of these specific projects into the Traffic Capital Program.

Additionally, while they will not be administered by the City, four other OBAG funded projects are proposed for approval by the VTA Board that benefit San José, having a combined value of \$13.9 million (including matching funds from other local agencies). These projects, though not part of the actions recommended in this report, are listed below:

- Upper Penitencia Creek Trail Connector (\$2.1 million) – Provides direct pedestrian and bicycle trail connection to Berryessa BART Station from Penitencia Creek Trail. Lead agency is VTA.
- Capitol Expressway ITS Infrastructure and Sidewalk Project (\$7.7 million) – Improves traffic signal operations and provides continuous sidewalks along Capitol Expressway. Lead agency is County of Santa Clara.
- Montague Expressway Pedestrian Overcrossing at Milpitas BART Station (\$0.9 million) – Improves pedestrian access to Milpitas BART station for routes serving North San José area. Lead agency is VTA.
- Santa Clara Caltrain Station Pedestrian and Bicycle (\$3.2 million) – Partially funds construction of a new pedestrian underpass at the Santa Clara Caltrain station for access routes serving new San José Earthquakes soccer stadium area. Lead agency is VTA.

EVALUATION AND FOLLOW-UP

After the acceptance and award of the grant funding by MTC and VTA, staff will bring forward recommendations for Council consideration to recognize and appropriate the grant funding as part of the Capital Budget process.

POLICY ALTERNATIVES

Alternative: Council could elect not to provide a Resolution of Local Support for the OBAG projects.

Pros: The City will not have to commit to providing grant funding match for the project/s.

Cons: The project/s will be removed from funding consideration by the granting agency/agencies.

PUBLIC OUTREACH/INTEREST

- ✓ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This memorandum will be posted on the City's website for the Council agenda.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, the City Manager's Budget Office and the Planning Building and Code Enforcement Department.

FISCAL/POLICY ALIGNMENT

The recommended action aligns with the Transportation and Aviation Services CSA Outcome related to providing viable transportation choices.

COST SUMMARY/IMPLICATIONS

Over the five-year 2014-2018 Traffic Capital Improvement Program, recommendations included in this memorandum would commit \$5.4 million of local match funds in order to secure a total of \$28.7 million of Federal grant funds from the OBAG and VERBS programs. Of the \$5.4 million in local funding commitments, \$2.0 million is already allocated to the respective projects in the 2013-2014 Proposed Capital Budget and 2014-2018 Proposed Capital Improvement Program. The additional \$3.4 million can be supplied by the Reserve – Transportation Grants appropriation in the Building and Structure Construction Tax Fund (from an available \$15.0 million). Once individual project schedules are determined, the Administration will return to the City Council to recommend the inclusion of these specific projects into the Traffic Capital Program.

CEQA

San José Pavement Maintenance Program: Exempt, File No. PP11-035, Section 15301 (c)

San José Bikeways Program: Exempt, File No. PP13-037, Section 15301 (c)

San José Safe Routes to School Program: Exempt, File No. PP10-113, Section 15301 (c)

Smart Intersections Program: Exempt, File No. PP10-113, Section 15301 (c)

East San José Bike/Pedestrian Transit Connection: Exempt, File No. PP13-037, Section 15301 (c)

St. John's Complete Streets Corridor – HP Pavilion to St. James Light Rail: Exempt, File No. PP13-047, Section 15301 (c)

The Alameda "Beautiful Way" Grand Boulevard: Exempt, File No. PP13-046, Section 15301 (c)

Almaden/Vine Livable Streets Couplet Conversion: PP02-115, Downtown Strategy 2000 EIR, File No. GP05-03-01, Resolution No. 72767

Jackson Complete Street: Exempt, File No. PP10-113, Section 15301 (c)

San José PDA Pedestrian-Oriented Traffic Safety Signals: Exempt, File No. PP12-066, Section 15301 (c)

SJ Walk n' Roll Phase II: Exempt, File No. PP13-037, Section 15301 (c)

/s/

HANS F. LARSEN
Director of Transportation

For questions please contact Zahir Gulzadah, Transportation Planning and Project Delivery Acting Division Manager, at (408) 975-3257.

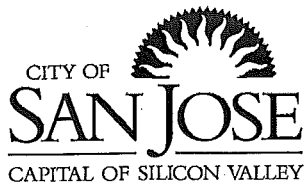
Attachment

Attachment A
OBAG and VERBS Grant Applications
(Page 1 of 2)

OBAG - Road Rehab and Complete Streets "Guarantee" Program				
Project	Grant Funds	Local Match	Total Funding	Project Description
San José – Pavement Maintenance	\$ 11,531,000	\$ 1,572,000	\$ 13,103,000	This project will resurface and rehabilitate approximately 18.7 miles of streets located in various parts of the City of San José.
San José – Bikeways Program	\$ 1,150,000	\$ 157,000	\$ 1,307,000	This project will enhance the connectivity and accessibility of the City's Bikeway Network by adding approximately 34 miles of new bike lanes.
San José – Safe Routes to School (SRTS) Program	\$ 1,150,000	\$ 157,000	\$ 1,307,000	This project implements walking route infrastructure improvements to ensure Walk n' Roll participants have safe walking and bicycling experiences, with a focus on: reviewing walking/biking routes, identifying safety deficiencies and low cost traffic calming measures (traffic control and guide signs, enhanced crosswalks), and installing low-cost safety improvements such as crosswalk enhancements and ADA ramps that have the greatest potential for enhancing safety and thereby promoting greater use of walking/biking routes around the school community.
San José – Smart Intersections Program	\$ 1,150,000	\$ 157,000	\$ 1,307,000	This project will upgrade traffic signal controls at 35 intersections along six miles of Tully Road and Saratoga Avenue with an adaptive traffic control system to optimize signal timing at intersections. Project expands upon other Citywide traffic signal system improvements along major transportation corridors.
OBAG - Complete Streets "Competitive" Program				
San José – East San José Bike/Pedestrian Transit Connections	\$ 2,000,000	\$ 532,000	\$ 2,532,000	This project will promote bicycling in the East San José area by adding 42 miles of bikeways, including development of a primary bikeway route in the Sunset/Hopkins/Ocala corridor. Other projects provide linkages with the Coyote Creek Trail, the Capitol LRT corridor and Alum Rock BRT corridor. The project also includes bikeway signs featuring distances and directional information to major destinations, bike-friendly signal and the addition of more than 2,300 secure public bike parking spaces.
San José – St. John Complete Street Corridor: HP Pavilion to St. James LRT Station	\$ 1,185,000	\$ 339,000	\$ 1,524,000	This project will enhance multimodal connectivity between the HP Pavilion and the St. James Park Light Rail Station, expanding the scope of a Phase 1 project in the St. John Street corridor. This project improvements include sidewalk widening, installation of dedicated on-street bicycle facilities, lighting improvements and wayfinding signage.

Attachment A
OBAG and VERBS Grant Applications
(Page 2 of 2)

OBAG - Complete Streets "Competitive" Program (Continues)				
Project	Grant Funds	Local Match	Total Funding	Project Description
San José – The Alameda “Beautiful Way” Grand Boulevard Phase 2	\$ 3,500,000	\$ 930,000	\$ 4,430,000	This project will enhance pedestrian and vehicular safety on The Alameda between Fremont and Newhall, creating a multimodal corridor segment. Connecting to a number of multimodal improvement projects, including the El Camino BRT, this project will improve the accessibility of residents and visitors to transit, local businesses and recreational facilities.
San José – Almaden/Vine “Livable Streets” Couplet Conversion	\$ 1,500,000	\$ 315,000	\$ 1,815,000	This project includes funding for environmental review and design work for converting the Almaden/Vine one-way couplet streets to two-way operation between Route 280 and Keyes Streets, consistent with the Downtown San José Strategy Plan. Future funding would be pursued for project construction costs.
San José – Jackson Complete Streets	\$ 1,500,000	\$ 399,000	\$ 1,899,000	This project will construct pedestrian safety and transit access enhancements along Jackson Avenue, between McKee Road and Alum Rock Avenue, including three new signalized crosswalks, upgrading and relocating bus stops, widening sidewalks and adding street trees. The project improves safety and accessibility for senior housing, the hospital and medical clinics and the future Bus Rapid Transit station at Alum Rock/Jackson.
San José – San Jose PDA Pedestrian-Oriented Traffic Safety Signals Program	\$ 3,000,000	\$ 798,000	\$ 3,798,000	This project will construct new traffic signals at six key intersections to promote the use of transit, walking and biking as a primary transportation mode to nearby schools, senior centers, community centers, bicycle trails and recreational facilities.
VERBS				
SJ Walk n’ Roll Phase II	\$ 1,000,000	\$ 130,000	\$ 1,130,000	This project increases the scope of the "Walk and Roll, San José" program from 35 to 55 schools and helping to encourage parents, teachers and students to reduce auto emissions by walking, bicycling, skating, carpooling or taking transit to and from school.
Total	\$ 28,666,000	\$ 5,486,000	\$ 34,152,000	



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

SUBJECT: SEWER SERVICE AND USE
CHARGES AND STORM SEWER
SERVICE CHARGES

FROM: Kerrie Romanow

DATE: May 28, 2013

Approved

Date

6/4/13

RECOMMENDATION

1. Adopt a resolution setting the following Sewer Service and Use Charge rates for 2013-2014

<u>Category</u>	<u>2013-2014 Monthly Rates</u>
Single-Family Residential	\$33.83
Multi-Family Residential	\$19.35 per unit
Mobile Home	\$19.39 per unit
Non-Monitored Commercial and Industrial	See Attachment A
Monitored Industrial	See Attachment A

2. Adopt a resolution setting the following Storm Sewer Service Charge rates for 2013-2014

<u>Category</u>	<u>2013-2014 Monthly Rates</u>
Single-Family Residential and Duplex	\$7.87
Mobile Home	\$3.94 per unit
Residential Condominium	\$4.30 per unit
Large Multi-Family Residential (5 or more units)	\$4.30 per unit
Small Multi-Family Residential (3-4 units)	\$14.95
Commercial, Institutional and Industrial	See Attachment B

OUTCOME

The approval of the recommendations contained in this memorandum will result in the following outcomes:

- Council would maintain rates at the same level as 2011-12 and 2012-13 for Sewer Service and Use Charges and Storm Sewer Service Charges.
- San José's sanitary sewer and storm sewer rates would remain competitive with those charged by other cities and agencies.

Approval of the proposed rates for Sewer Service and Use Charges (SSUC) and Storm Sewer Service Charges (SSSC) would enable the City to continue to cover current costs in the operating and capital budgets necessary to respond to wastewater discharge permit and Stormwater permit requirements. This approval would also allow the City to carry out critical projects including the Sanitary Sewer Condition Assessment Program and Condition Assessment Sewer repairs, storm sewer system improvements, and development of the storm sewer system master plan.

BACKGROUND

Each year, Council reviews the rates for SSUC and SSSC to determine whether adjustments are necessary to align revenue with program costs. The uses for which SSUC revenue can be allocated are restricted by Municipal Code Section 15.12.450 to "the acquisition, construction, reconstruction, maintenance, and operation of the sanitary sewer system of the City of San José; as well as the principal and interest on any bonds, loans, and advances for the construction of the system." The purposes of the SSSC, as stated in Municipal Code Section 15.16.1250 are: "for the acquisition, construction, reconstruction, maintenance, and operation of the storm drainage system of the City of San José, to repay principal and interest on any bonds, loans and advances and for any other purposes set forth in Section 15.16.1430."

For the majority of users, these two charges are billed as a single line item amount on property tax assessments. However, sanitary sewer charges for monitored industrial users (in excess of 25,000 gallons per day) are individually calculated and are billed on a monthly basis. The revenue received by the City is deposited to the SSUC and SSSC funds based on the rates established for the respective charges. This memorandum presents separate descriptions of the proposed rates for SSUC and SSSC.

ANALYSIS

SEWER SERVICE AND USE CHARGE

SSUC rates are based on the volume of flow and the strength of the wastewater from residential, commercial, institutional, and industrial properties. Flow is measured as the average wastewater flow, and strength is measured in terms of biochemical oxygen demand (BOD), suspended solids (SS), and ammonia (NH₃). The rate structure was designed to apportion the cost of wastewater treatment services to properties proportion to their relative contribution of flow and strength to the system. This structure is dictated by State revenue guidelines and allows rates to reflect the costs of providing service to residential and non-residential properties.

Rates are assigned by groupings, based on the type of use. Residential customers are assigned a flat rate. Non-residential customers are assigned a rate based on their type of flow strength, and their annual charges are calculated using winter water usage. A small number of large industrial users are billed on a monthly basis based on actual wastewater discharge and flow strength.

May 28, 2013

Subject: Sewer Service and Use Charges and Storm Sewer Service Charges

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Public Notices of proposed three-year increases for 2010-2011 through 2012-2013 were mailed on April 26, 2010, to over 227,000 residential and non-residential customers advising them of proposed rate increases. The notices informed residential customers of proposed SSUC increases of up to 6% annually for services beginning July 1, 2010, July 1, 2011, and July 1, 2012. The notices also informed non-residential customers of rate increases up to 8.62% for services beginning July 1, 2010, and up to 11% annually for services beginning July 1, 2011, and July 1, 2012. On June 15, 2010, City Council conducted a public hearing to consider SSUC rate increases for 2010-2011 and authorization for up to two additional rate increases in 2011-2012 and 2012-2013 on July 1, 2011 and July 1, 2012. There was no protest by a majority of affected property owners to the SSUC rate increase.

For 2013-14, no increases are proposed for SSUC rates; the single family monthly rate would remain at \$33.83. Proposed SSUC rates for 2013-14 are included in this document as Attachment A.

Fund Balance

Staff's guideline is to maintain a SSUC fund balance reserve of two to three months expenses, currently between \$21 to \$32 million, in order to withstand financial or operational emergencies and provide a contingency for capital projects. For 2013-2014, unrestricted fund balance and reserves are sufficient to meet this requirement.

Program Expenditures

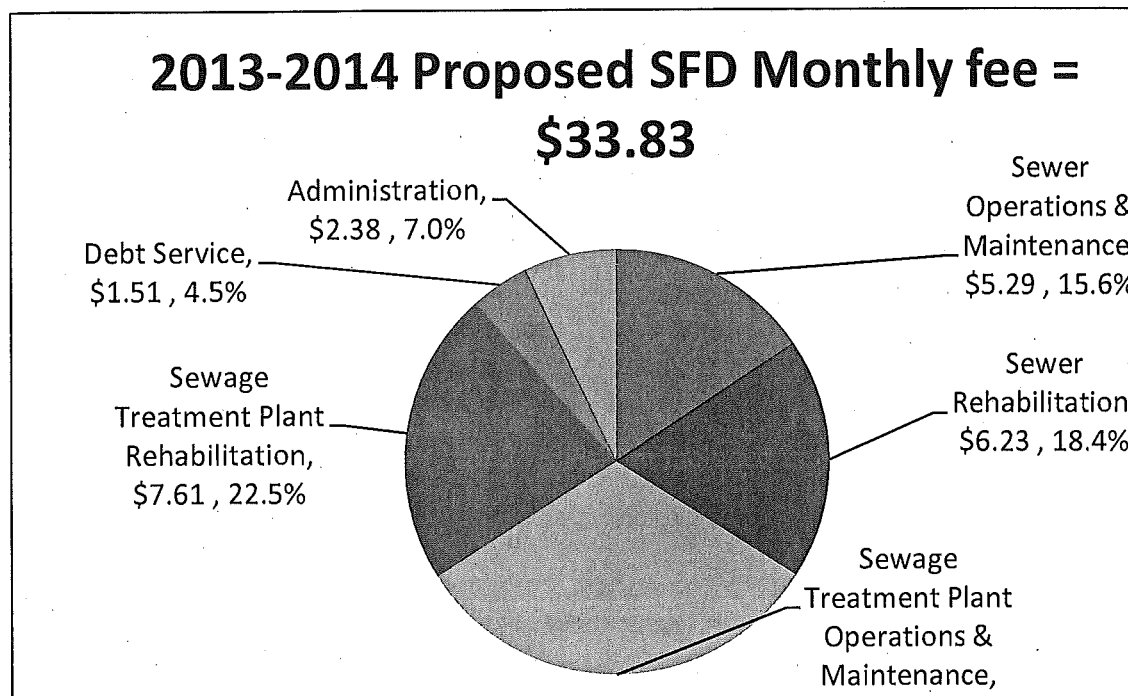
The SSUC Program costs for 2013-14 are detailed in the Special Fund Section of the 2013-14 Proposed Operating Budget, pages X-23 through X-34. These costs are associated with the City's wastewater collection and treatment systems which include the 2,200-mile San José sewage collection system and San José's portion of the San José/Santa Clara Regional Wastewater Facility (formerly known as the San José/Santa Clara Water Pollution Control Plant). The various elements comprising this system are on average 30 to over 50 years old and have reached the end of their useful life. The age and harsh environment under which these systems operate have resulted in system-wide vulnerabilities and high risk conditions for possible failures that could result in Wastewater Facility down time, sanitary sewer overflows, and regulatory permit violations. In addition, these systems are facing increasing regulatory requirements that necessitate additional resource allocations for operation and maintenance of the sanitary sewer collection and treatment systems. The current rates support planned program expenditures for 2013-14. Rate increases and alternative financing are anticipated to be necessary in subsequent years to fund the Water Pollution Control and Sanitary Sewer Capital Improvement Programs.

The following chart displays how the recommended \$33.83 monthly single-family residential fee would be spent:

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STORM SEWER SERVICE CHARGE

SSSC rates are based on the relative quality and quantity of storm water runoff contributed by residential and non-residential properties. The rate structure was designed to apportion the cost of storm sewer service to properties in proportion to their relative contribution of flow and pollution to the system. This structure allows rates to reflect the costs of providing service to residential and non-residential properties.

Rates are assigned by groupings, based on the type of use. Residential customers are assigned a flat rate. Rates for all other uses are calculated individually. Rates for non-residential properties include a charge based on acreage plus a flat charge reflecting runoff characteristics.

Public Notices of proposed two-year increases for 2011-2012 and 2012-2013 were mailed between April 21, 2011 and April 29, 2011, to over 230,000 residential and non-residential SSSC customers advising them of proposed rate increases. The notices informed residential customers of proposed SSSC increases of up to 5% annually for services beginning July 1, 2011 and July 1, 2012. The notices also informed non-residential customers of rate increases up to 6% for services beginning July 1, 2011 and July 1, 2012. On June 14, 2011, City Council conducted a public hearing to consider SSSC rate increases for 2011-2012 and authorization for up to one additional rate increase in 2012-2013 on July 1, 2012. There was no protest by a majority of affected property owners to the SSSC rate increase.

The current rates support planned program expenditures for 2013-14, therefore, no increases are proposed for SSSC rates; the single family monthly rate would remain at \$7.87. When complete, the Storm Sewer Master Plan will identify and prioritize needed capacity-related improvements to the storm sewer system. This master plan will be used to develop future Storm Capital Improvement Programs and will assist in determining future SSSC revenue requirements. Proposed SSSC rates for 2013-14 are included in this document as Attachment B.

Fund Balance

Staff's guideline is to maintain a SSSC fund balance reserves of one to two months expenses, currently between \$3.5 to \$7.0 million, in order to withstand financial emergencies and provide a contingency for capital projects. For 2013-14, unrestricted fund balance and reserves are sufficient to meet this requirement.

Program Expenditures

Three major factors impact the costs of programs supported by this fund: 1) aggressive pollution control programs mandated by the City's National Pollution Discharge Elimination System (NPDES) Stormwater Permit; 2) the increasing age of the storm sewer system, which results in higher maintenance costs and a growing need for replacement and rehabilitation; and 3) future development and system maintenance required to reach storm management goals that will be established by the Storm Master Plan.

The City's five-year NPDES Stormwater Permit became effective December 1, 2009, and required new and expanded programs to reduce pollutants, such as mercury, pesticides, and trash discharged through the storm sewer system; expanded implementation of treatment and flow controls on new development projects; expanded water quality monitoring and regional studies; and required rigorous data collection and reporting to demonstrate compliance. To address these requirements, expenditures in 2013-14 will focus on:

- Developing and implementing the City's Trash Load Reduction Plan;
- Participating in regional monitoring and pollution prevention efforts through the Santa Clara Valley Urban Runoff Pollution Prevention Program and the Bay Area Stormwater Management Agencies Association; and
- Administering the City's Stormwater Inspection Program

As a result of limited funds in the past, the Storm Sewer Capital Fund has maintained only a modest capital improvement program. With the more significant rate increases between 2007-08 and 2009-2010, funds of approximately \$10.4 million were generated and programmed for capital projects in 2010-2011 and for beginning the development of a storm sewer system master plan. In 2011-2012, a total of \$6.0 million, and in 2012-2013, a total of \$5.6 million, was transferred to the storm capital fund to continue to address aging storm sewer infrastructure and development of a system master plan. In 2013-2014, a total of \$18.0 million will be transferred to the storm sewer capital fund. Specific rehabilitation projects include:

- Continued development of the multi-phase storm sewer master plan;

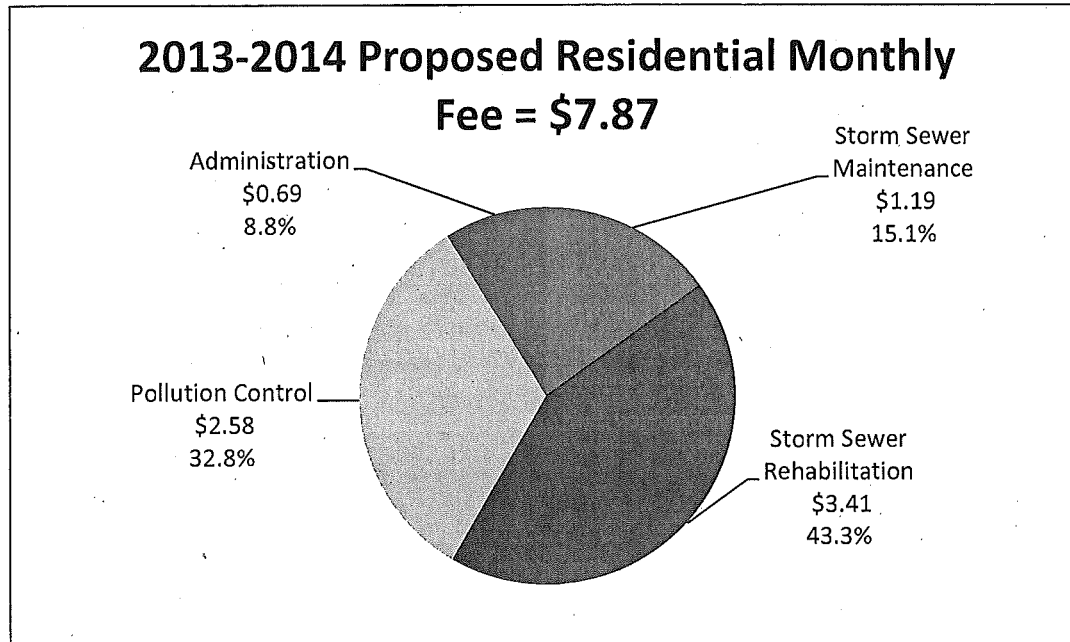
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- Design of two new storm pump stations and existing storm pump station rehabilitation and replacement; and Projects associated with the Alviso Storm Network Infiltration Control project.

The following chart displays how the recommended \$7.87 monthly single-family residential fee would be spent:



EVALUATION AND FOLLOW-UP

Once approved, the Sewer Service and Use Charge and Storm Sewer Service Charge will be billed to property owners for 2013-14 charges. Staff will return to Council in June 2014 with recommendations for 2014-2015 rates.

PUBLIC OUTREACH/INTEREST

- ☒ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**

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- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This memorandum will be posted on the City's website for the June 18, 2013 Council agenda.

COORDINATION

This memorandum has been coordinated with the Departments of Public Works, Transportation, Finance, and the Office of the City Attorney and City Manager's Budget Office.

BUDGET REFERENCE

2013-14 Proposed Operating Budget, pp. XI-88 to XI-89 and XI-92 to XI-93.

CEQA

Not a Project, File No. PP10-067 (a) Increases or Adjustments to Fees, Rates & Fares.

/s/

KERRIE ROMANOW

Director, Environmental Services

For questions please contact Linda Charfauros, Administrative Officer at (408) 535-8553.

Attachments:

(A) Sewer Service and Use Charge Schedule of Proposed 2013-2014 Rates

(B) Storm Sewer Service Charge Schedule of Proposed 2013-2014 Rates

ATTACHMENT A

**SEWER SERVICE AND USE CHARGES
SCHEDULE OF PROPOSED RATES
2013-2014**

I. RESIDENTIAL RATES

	2012-2013 CURRENT RATES		2013-2014 PROPOSED RATES		% INCREASE
	<u>Per Month</u>	<u>Per Year</u>	<u>Per Month</u>	<u>Per Year</u>	
Single-Family Residence	\$33.83	\$405.96	\$33.83	\$405.96	0.00%
Multiple-Family Residence (per unit)	\$19.35	\$232.20	\$19.35	\$232.20	0.00%
Mobile Home (per unit)	\$19.39	\$232.68	\$19.39	\$232.68	0.00%

II. INSTITUTIONAL, COMMERCIAL, AND INDUSTRIAL RATES (less than 25,000 gallons per day)

	2012-2013 CURRENT RATES	2013-2014 PROPOSED RATES	% INCREASE
	Charge Per Hundred Cubic Feet of Sewage Discharged	Charge Per Hundred Cubic Feet of Sewage Discharged	
Meat Packers	\$4.07	\$4.07	0.00%
Dairy Product Processors	\$5.17	\$5.17	0.00%
Wholesale Bakeries	\$4.78	\$4.78	0.00%
Soft Drink Bottlers	\$4.76	\$4.76	0.00%
Wineries	\$7.79	\$7.79	0.00%
Paper Pulp Mills	\$5.85	\$5.85	0.00%
Plating Works	\$3.08	\$3.08	0.00%
Electrical Equipment	\$3.41	\$3.41	0.00%
Machinery Manufacturers	\$4.18	\$4.18	0.00%
Film Service Laboratories	\$3.30	\$3.30	0.00%
Soft Water Services	\$3.11	\$3.11	0.00%
Car Washes	\$3.27	\$3.27	0.00%
Automotive Steam Cleaners	\$5.41	\$5.41	0.00%
Printing Plants	\$4.05	\$4.05	0.00%
Restaurants/Delis	\$5.24	\$5.24	0.00%
Hotel-Motels	\$3.43	\$3.43	0.00%
Hospitals and Convalescent Homes	\$3.35	\$3.35	0.00%
Private Schools, Colleges & Universities	\$3.96	\$3.96	0.00%
Public Schools, Colleges & Universities	\$3.96	\$3.96	0.00%
Repair Shops & Service Stations	\$3.50	\$3.50	0.00%
Domestic Laundries	\$3.17	\$3.17	0.00%
Business Office/Condos	\$3.36	\$3.36	0.00%
Government Agencies	\$3.36	\$3.36	0.00%

ATTACHMENT A

**SEWER SERVICE AND USE CHARGES
SCHEDULE OF PROPOSED RATES
2013-2014**

II. INSTITUTIONAL, COMMERCIAL, AND INDUSTRIAL RATES (less than 25,000 gallons per day) continued

	2012-2013 CURRENT RATES	2013-2014 PROPOSED RATES	% INCREASE
	<u>Charge Per Hundred Cubic Feet of Sewage Discharged</u>	<u>Charge Per Hundred Cubic Feet of Sewage Discharged</u>	
Medical Center/Clinic	\$3.43	\$3.43	0.00%
Beauty Salon	\$3.49	\$3.49	0.00%
Commercial & Department Stores	\$3.49	\$3.49	0.00%
Storage/Warehouse	\$3.29	\$3.29	0.00%
Health Care	\$3.36	\$3.36	0.00%
Theatre	\$3.43	\$3.43	0.00%
Association/ Communities Services	\$3.36	\$3.36	0.00%
Business Parks	\$3.45	\$3.45	0.00%
Building Construction/ Field Office	\$3.45	\$3.45	0.00%
Parking Lot	\$3.16	\$3.16	0.00%
Gas Service Station	\$3.41	\$3.41	0.00%
Auto Showroom, Body Shop, Detail, and Trucking	\$3.65	\$3.65	0.00%
Manufacturing Paint Products	\$3.45	\$3.45	0.00%
Concrete Company	\$3.45	\$3.45	0.00%
Paper Recovery	\$3.45	\$3.45	0.00%
General Manufacturing Industries	\$3.45	\$3.45	0.00%
Chemical Manufacturing	\$3.45	\$3.45	0.00%
Ice Plant	\$3.45	\$3.45	0.00%
Pub	\$3.56	\$3.56	0.00%
Amusement Park	\$3.59	\$3.59	0.00%
Athletic Club, Fitness	\$3.29	\$3.29	0.00%
Cemetery	\$3.29	\$3.29	0.00%
Country Clubs (Golf)	\$3.42	\$3.42	0.00%
Lounges, Clubs, Billiards	\$3.43	\$3.43	0.00%
Convenience Store	\$3.29	\$3.29	0.00%
Boarding/Rooming	\$3.47	\$3.47	0.00%
Cleaners (Commercial Laundry)	\$3.99	\$3.99	0.00%
Plaza/Mall	\$3.63	\$3.63	0.00%
Nursery (Grower)	\$3.82	\$3.82	0.00%
Laboratories (Commercial & Industrial)	\$3.89	\$3.89	0.00%
Café & Ice-creams	\$5.60	\$5.60	0.00%
Donuts & Bakery	\$5.60	\$5.60	0.00%
Supermarket Groceries	\$5.12	\$5.12	0.00%
Mortuary (Embalming)	\$5.12	\$5.12	0.00%
Catering	\$5.32	\$5.32	0.00%
Miscellaneous Commercial, Institutional, and Industrial Premises	\$3.36	\$3.36	0.00%

ATTACHMENT A

**SEWER SERVICE AND USE CHARGES
SCHEDULE OF PROPOSED RATES
2013-2014**

III. MONITORED INDUSTRIES (25,000 gallons per day and over)

	2012-2013 CURRENT RATES	2013-2014 PROPOSED RATES	% INCREASE
<u>A. Capital Cost Recovery:</u>			
Annual charge per million gallons per day of FLOW capacity required, plus	\$310,387.00	\$310,387.00	0.00%
Annual charge per thousand pounds per day of BOD removal capacity required, plus	\$22,742.00	\$22,742.00	0.00%
Annual charge per thousand pounds per day of SS removal capacity required, plus	\$15,288.00	\$15,288.00	0.00%
Annual charge per thousand pounds per day of NH ₃ removal capacity required.	\$60,834.00	\$60,834.00	0.00%
<u>B. Operations & Maintenance Cost Recovery:</u>			
Charge per Hundred Cubic Feet of sewage discharged to the sanitary sewer, plus	\$2.117 (2,830/MG)	\$2.117 (2,830/MG)	0.00%
Charge per thousand pounds of BOD discharged to the sanitary sewer, plus	\$164.00	\$164.00	0.00%
Charge per thousand pounds of SS discharged to the sanitary sewer, plus	\$184.00	\$184.00	0.00%
Charge per thousand pounds of NH ₃ discharged to the sanitary sewer.	\$1,394.00	\$1,394.00	0.00%

FLOW = Sewage discharge FLOW
BOD = Biochemical Oxygen Demand
SS = Suspended Solids
NH₃ = Ammonia
MG = Million Gallons

ATTACHMENT B

CITY OF SANJOSE STORM SEWER SERVICE CHARGES SCHEDULE OF PROPOSED RATES 2013-14

	2012-13 CURRENT RATES	2013-14 PROPOSED RATES	% INCREASE
RESIDENTIAL RATES			
A. Single-Family Residential and Duplex if connected to the system prior to July 1, 2013	\$ 94.44 per year	\$ 94.44 per year	0.0%
Single-Family Residential and Duplex if connected to the system after July 1, 2013	\$ 7.87 per month	\$ 7.87 per month	
B. Mobile Home, per unit if connected to the system prior to July 1, 2013	\$ 47.28 per year	\$ 47.28 per year	0.0%
Mobile Home, per unit if connected to the system after July 1, 2013	\$ 3.94 per month	\$ 3.94 per month	
C. Residential Condominium, per unit if connected to the system prior to July 1, 2013	\$ 51.60 per year	\$ 51.60 per year	0.0%
Residential Condominium, per unit if connected to the system after July 1, 2013	\$ 4.30 per month	\$ 4.30 per month	
D. Large Multiple Family Residential, (5 or more units) if connected to the system prior to July 1, 2013	\$ 51.60 per year	\$ 51.60 per year	0.0%
Large Multiple Family Residential, (5 or more units) if connected to the system after July 1, 2013	\$ 4.30 per month	\$ 4.30 per month	
E. Small Multiple family residential, (3-4 units) if connected to the system prior to July 1, 2013	\$ 179.40 per year	\$ 179.40 per year	0.0%
Small Multiple Family Residential, (3-4 units) if connected to the system after July 1, 2013	\$ 14.95 per month	\$ 14.95 per month	

ATTACHMENT B

CITY OF SANJOSE STORM SEWER SERVICE CHARGES SCHEDULE OF PROPOSED RATES 2013-14

	2012-13 CURRENT RATES	2013-14 PROPOSED RATES	% INCREASE
INSTITUTIONAL, COMMERCIAL, INDUSTRIAL			
F. Open Space, annual charge	\$ 166.32	\$ 166.32	0.0%
if connected to the system prior to July 1, 2013	-PLUS-	-PLUS-	
	\$ 92.04	\$ 92.04	0.0%
	per acre	per acre	
Open Space, monthly charge	\$ 13.86	\$ 13.86	
if connected to the system after July 1, 2013	-PLUS-	-PLUS-	
	\$ 7.67	\$ 7.67	
	per acre	per acre	
G. School, annual charge	\$ 166.32	\$ 166.32	0.0%
if connected to the system prior to July 1, 2013	-PLUS-	-PLUS-	
	\$ 45.72	\$ 45.72	0.0%
	per acre	per acre	
School, monthly charge	\$ 13.86	\$ 13.86	
if connected to the system after July 1, 2013	-PLUS-	-PLUS-	
	\$ 3.81	\$ 3.81	
	per acre	per acre	
H. Church, annual charge	\$ 332.76	\$ 332.76	0.0%
if connected to the system prior to July 1, 2013	-PLUS-	-PLUS-	
	\$ 92.04	\$ 92.04	0.0%
	per acre	per acre	
Church, monthly charge	\$ 27.73	\$ 27.73	
if connected to the system after July 1, 2013	-PLUS-	-PLUS-	
	\$ 7.67	\$ 7.67	
	per acre	per acre	

ATTACHMENT B
CITY OF SANJOSE
STORM SEWER SERVICE CHARGES
SCHEDULE OF PROPOSED RATES
2013-14

	2012-13 CURRENT RATES	2013-14 PROPOSED RATES	% INCREASE
INSTITUTIONAL, COMMERCIAL, INDUSTRIAL cont.			
I. College/University, annual charge	\$ 332.76	\$ 332.76	0.0%
if connected to the system prior to July 1, 2013	-PLUS-	-PLUS-	
	\$ 92.04	\$ 92.04	0.0%
	per acre	per acre	
College/University, monthly charge	\$ 27.73	\$ 27.73	
if connected to the system after July 1, 2013	-PLUS-	-PLUS-	
	\$ 7.67	\$ 7.67	
	per acre	per acre	
J. Commercial, Light Industrial and	\$ 665.40	\$ 665.40	0.0%
Miscellaneous Premises, annual charge	-PLUS-	-PLUS-	
if connected to the system prior to July 1, 2013	\$ 156.48	\$ 156.48	0.0%
	per acre	per acre	
Commercial, Light Industrial and	\$ 55.45	\$ 55.45	
Miscellaneous Premises, monthly charge	-PLUS-	-PLUS-	
if connected to the system after July 1, 2013	\$ 13.04	\$ 13.04	
	per acre	per acre	
K. Small Commercial, Light Industrial and	\$ 332.76	\$ 332.76	0.0%
Miscellaneous Premises, (under 0.2 acre) , annual charge	-PLUS-	-PLUS-	
if connected to the system prior to July 1, 2013	\$ 156.48	\$ 156.48	0.0%
	per acre	per acre	
Small Commercial, Light Industrial and			
Miscellaneous Premises, (under 0.2 acre) , monthly charge	\$ 27.73	\$ 27.73	
if connected to the system after July 1, 2013	-PLUS-	-PLUS-	
	\$ 13.04	\$ 13.04	
	per acre	per acre	

ATTACHMENT B

CITY OF SANJOSE STORM SEWER SERVICE CHARGES SCHEDULE OF PROPOSED RATES 2013-14

	2012-13 CURRENT RATES	2013-14 PROPOSED RATES	% INCREASE
INSTITUTIONAL, COMMERCIAL, INDUSTRIAL cont.			
L. Heavy Industrial Premises, annual charge	\$ 831.84	\$ 831.84	0.0%
if connected to the system prior to July 1, 2013	-PLUS-	-PLUS-	
	\$ 156.48	\$ 156.48	0.0%
	per acre	per acre	
Heavy Industrial Premises, monthly charge	\$ 69.32	\$ 69.32	
if connected to the system after July 1, 2013	-PLUS-	-PLUS-	
	\$ 13.04	\$ 13.04	
	per acre	per acre	
M. Parking Facility, annual charge	\$ 665.40	\$ 665.40	0.0%
if connected to the system prior to July 1, 2013	-PLUS-	-PLUS-	
	\$ 165.72	\$ 165.72	0.0%
	per acre	per acre	
Parking Facility, monthly charge	\$ 55.45	\$ 55.45	
if connected to the system after July 1, 2013	-PLUS-	-PLUS-	
	\$ 13.81	\$ 13.81	
	per acre	per acre	